

EXHIBIT D

FW-04464

Chavez, Mauricio - 02-10-2022

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Condensed Transcript with Endnotes

Prepared by:

Harris, Jill
FW-04464

Friday, April 22, 2022

<p style="text-align: right;">Page 11</p> <p>1 THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION</p> <p>2</p> <p>3 In the Matter of:)</p> <p>4) File No. FW-04464-A</p> <p>5 CRYPTOFX LLC)</p> <p>6</p> <p>7 WITNESS: Mauricio Chavez</p> <p>8 PAGES: 11 through 271</p> <p>9 PLACE: Securities and Exchange Commission</p> <p>10 801 Cherry Street</p> <p>11 Fort Worth, Texas 76102</p> <p>12 DATE: Thursday, February 10, 2022</p> <p>13</p> <p>14 The above-entitled matter came on for hearing</p> <p>15 via Webex, pursuant to subpoena, at 10:06 a.m.</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24 Diversified Reporting Services, Inc.</p> <p>25 (202) 467-9200</p>	<p style="text-align: right;">Page 13</p> <p style="text-align: center;">C O N T E N T S</p> <p>1</p> <p>2</p> <p>3 WITNESS: EXAMINATION</p> <p>4 Mauricio Chavez 15</p> <p>5</p> <p>6 EXHIBITS: DESCRIPTION IDENTIFIED</p> <p>7 9 December 22, 2021 subpoena 21</p> <p>8 10 December 22, 2021 CryptoFX subpoena 25</p> <p>9 11 Roster of CryptoFX students 48</p> <p>10 12 PowerPoint presentation 85</p> <p>11 13 CryptoFX Student Agreement 106</p> <p>12 14 Rodolfo Hernandez Lopez student contract 127</p> <p>13 18 Fernandez text message 255</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
<p style="text-align: right;">Page 12</p> <p>1 APPEARANCES:</p> <p>2</p> <p>3 On behalf of the Securities and Exchange Commission:</p> <p>4 JILLIAN HARRIS, ESQ.</p> <p>5 JAMES ETRI, ASSISTANT REGIONAL DIRECTOR</p> <p>6 JAMIE HAUSSECKER, PARALEGAL</p> <p>7 Division of Enforcement</p> <p>8 Securities and Exchange Commission</p> <p>9 801 Cherry Street</p> <p>10 Fort Worth, Texas 76102</p> <p>11 (817) 900-2639</p> <p>12 harrisji@sec.gov</p> <p>13</p> <p>14 On behalf of the Witness:</p> <p>15 JOHN H. SKLAR, ESQ.</p> <p>16 Magallon & Sklar, L.L.P.</p> <p>17 500 Jefferson Street, Suite 2000</p> <p>18 Houston, Texas 77002-7337</p> <p>19 (713) 658-8500</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">Page 14</p> <p style="text-align: center;">P R O C E E D I N G S</p> <p>1</p> <p>2 MS. HARRIS: We are on the record at</p> <p>3 10:06 a.m. Central Time on February 10th, 2020.</p> <p>4 Will the witness please state his</p> <p>5 name.</p> <p>6 MR. CHAVEZ: Mauricio Antonio</p> <p>7 Chavez.</p> <p>8 MS. HARRIS: And, Mr. Chavez, will</p> <p>9 you please spell that out for the court reporter?</p> <p>10 MR. CHAVEZ: Sure. Mauricio,</p> <p>11 M-A-U-R-I-C-I-O. Antonio is A-N-T-O-N-I-O.</p> <p>12 Chavez, C-H-A-V-E-Z.</p> <p>13 MS. HARRIS: Okay. Mr. Chavez, do</p> <p>14 you consent to taking an oath or affirmation to</p> <p>15 tell the truth remotely via Webex rather than in</p> <p>16 person?</p> <p>17 MR. CHAVEZ: Yes, ma'am.</p> <p>18 MS. HARRIS: And do you understand</p> <p>19 this oath has the same effect as if it were</p> <p>20 administered in person?</p> <p>21 MR. CHAVEZ: Yes, ma'am.</p> <p>22 MS. HARRIS: Okay. Please raise your</p> <p>23 right hand.</p> <p>24 Do you swear to tell the truth, the</p> <p>25 whole truth and nothing but the truth?</p>

<p style="text-align: right;">Page 31</p> <p>1 start -- pretty much and start buying 2 different -- different coins and really 3 understand the cryptocurrency industry. 4 Q Okay. So, the revenue came from where? 5 A Okay. The -- the revenue -- CryptoFX 6 was an academy that started teaching and started 7 doing different packages as far as -- so they can 8 learn the -- the -- you know, that information 9 that needed to be provided to them to start doing 10 the trading. And at the beginning that's where 11 we got -- we got the revenue. 12 Q Am I correct in stating that at the 13 beginning the revenue came from the students? 14 A That is correct. Yes, ma'am. 15 Q Approximately how many students do you 16 have on your roster? 17 A I would say 3,000 to 5,000 students. 18 Q 3,000 to 5,000; is that correct? 19 A Yes, ma'am. 20 Q And you just started CryptoFX in 2000; 21 is that correct? 22 A Could you repeat that again? 23 Q Absolutely. 24 You established CryptoFX in 2000; is 25 that correct?</p>	<p style="text-align: right;">Page 33</p> <p>1 plus, we went over different coins in the space 2 and -- and really kind of help them create a -- 3 with their own decisions of course, create a 4 portfolio that would benefit them in the 5 long-term. 6 Q When you first started this where did 7 you conduct your classes? 8 A I -- believe it or not I started in a 9 restaurant. 10 Q Okay. About how many students attended 11 the classes? 12 A It started like with 50 students at the 13 beginning. 14 Q Okay. How often would you hold 15 classes? 16 A Every day. Monday through Friday every 17 day. Night classes every day. Like, seven p.m. 18 every day we will meet at the -- at that 19 restaurant. 20 Q What restaurant was this? 21 A It was actually a Denny's restaurant 22 that have a -- a huge space on the back -- back 23 of it connected. And it pretty much started from 24 there. 25 Q Okay. So, you have students attending</p>
<p style="text-align: right;">Page 32</p> <p>1 A The year 2000? 2 Q Yes. Excuse me, 2020? 3 A That is correct. Yes, ma'am. 4 Q Okay. I want to make a clean record. 5 So, I'm going to ask the question again. 6 Am I correct in stating that it was 7 established in 2020? 8 A Yes, ma'am. 9 Q Okay. Thank you. 10 You are getting revenue from the 11 students through these different packages. Can 12 you explain the different packages? 13 A Yes, ma'am. 14 Pretty much depending on the level 15 of -- of where they were, I start different 16 packages. Like the starting package, 17 intermediate package and an advance package. So, 18 for instance, to teach you the basic information 19 on just understanding and opening an exchange, we 20 would charge a \$499.00 fee. 21 On a more intermediate level which is 22 understanding -- opening an exchange, opening an 23 account and -- and start trading. So, it was 24 more like intermediate level. And an advance 25 level which, you know, included all of that,</p>	<p style="text-align: right;">Page 34</p> <p>1 these classes once every day. Are there just one 2 class per day or multiple classes? 3 A No, one class per day. 4 Q And so, there would be beginner 5 students sitting with intermediate students 6 sitting with advanced students; is that correct? 7 A That is correct. Yes, ma'am. 8 Q Okay. 9 A In the beginning it was like that. 10 Q Okay. How would you solicit your 11 students? 12 A It was just pretty much one person, you 13 know, telling of his cousin, you know, family 14 member or friend, say, you know, I'm learning the 15 crypto space. It's a different trend. It's a 16 new trend that's really involving, you know, that 17 can really give us an extra income opportunity 18 pretty much. 19 Q Okay. Okay. Did you do any sort of on 20 line advertising or any other advertising? 21 A No, ma'am. 22 Q Did you do any -- any -- any -- so, no 23 advertising on the radio or anything like that? 24 A No, ma'am. 25 Q Okay. You said when you first started</p>

Page 35

1 your revenue came from student payments for
 2 classes; is that correct?
 3 A Yes, ma'am.
 4 Q Okay. Did that change over time?
 5 A After -- after, I would say, 2021 we --
 6 we changed because more people wanted to know
 7 what we were doing learning and they -- they got,
 8 you know, news of how the other people were doing
 9 that were having a lot of success. So, the --
 10 the word spread that we're teaching them how to
 11 do things and really had success levels.
 12 Q Okay. Did you in 2021 establish a new
 13 stream of revenue?
 14 A Yes, ma'am.
 15 Q Describe that.
 16 A We created different packages as far
 17 as, you know, like -- like an agreement. More
 18 like a -- like a -- because they -- they wanted
 19 to -- since they were getting great results they
 20 wanted to establish -- you know, of course create
 21 a bigger income level. So, they started asking
 22 me if I would create some type of package where
 23 it could be -- could be like a loan to -- to us,
 24 to the company, and we could do the portfolios
 25 and stuff and really create an extra income for

Page 36

1 them. That's how things -- the different revenue
 2 started.
 3 Q That's helpful. Let me unpack that.
 4 Before you had a small amount of
 5 students and you had success by getting them
 6 money in the crypto space. And other people hear
 7 about this success and so it grows. In 2021 you
 8 then change the revenue stream from -- or change
 9 the revenue stream from students paying to learn
 10 to students giving money to the company so you
 11 can do the crypto investing for them?
 12 A I wouldn't call it crypto investing. It
 13 was -- and we -- as a company, we never stopped
 14 the teaching part of things. Because of the
 15 COVID, of course, we created -- we changed the
 16 model a little bit to more of Zoom. Instead of
 17 doing it live, we did it -- we do it Zoom every
 18 day, Zoom meeting.
 19 But pretty much the -- the new income
 20 revenue started, people wanted to loan the
 21 company money in a way, but we did it as an
 22 agreement, as you have in -- in your records,
 23 of -- you know, because we saw the opportunity --
 24 we understood the opportunity in the crypto space
 25 and how we -- it popped, how it boomed in 2017,

Page 37

1 you know. And of course we know how -- we saw
 2 how afterwards. So, we understand what the --
 3 the trend and the market itself. And we and --
 4 and them saw it as an opportunity to take
 5 advantage of the market itself.
 6 Q About how many students do you have in
 7 2021 when it changes to adding the different
 8 packages?
 9 A It was like 400, 500 students the max.
 10 Q Okay.
 11 A Those were the max students.
 12 Q Okay. Describe the different packages
 13 that you are now offering in 2021?
 14 A Yes. We have bronze, the gold and --
 15 and the other packages as before. See, I
 16 don't -- I don't -- myself, I really don't focus
 17 on promoting the -- the business itself to get
 18 more clients. I -- I don't focus on that myself.
 19 Q Okay. If I come to CryptoFX and I am
 20 interested in having you take my money and put it
 21 in the crypto space, what are my options? I
 22 have -- what are my options?
 23 A Okay. Well, first, you know, we really
 24 need to explain to you that we are not an
 25 investing academy. We are not a financial

Page 38

1 institution. And we make you understand all of
 2 that. And what we tell you is, we're going to
 3 help you get involved with the crypto space by
 4 teaching you how to open an exchange, how to
 5 start buying different coins. How --
 6 understanding the bio technical of the market
 7 itself and that it is very risky, you know.
 8 And -- and, of course, we -- we will
 9 teach you on how you can strategize if you want
 10 to establish an account with us, but most
 11 importantly, so you can learn it on your own.
 12 The goal is for you to do it on your own with the
 13 education.
 14 Even though we change a different
 15 stream of income or revenue for the company, we
 16 never change the model as far as our goal is to
 17 teach people how to really educate themselves so
 18 they don't have to depend on nobody else. Not
 19 even on the company -- on our company itself.
 20 Q Does everyone that gives you a loan --
 21 strike that. Let me ask a better question.
 22 Does every person that gives you money
 23 also attend the classes?
 24 A Could you -- do you -- do you mean
 25 every person?

Page 39

1 Q Every person.
 2 A No, ma'am, because it is a optional. It
 3 is available to them, like I said, every day
 4 Monday through Friday. We do it via Zoom. And
 5 because of the COVID we changed the model.
 6 Normally we do it on a daily basis, you know,
 7 like face-to-face. So -- but, you know,
 8 different people participate on different days.
 9 Q So what I'm hearing you say is that
 10 there are two streams of revenue. One extreme is
 11 students paying for classes for you to teach them
 12 how to open up the accounts and get into the
 13 crypto space. The second stream is people giving
 14 you money for you to do it for them; is that
 15 correct?
 16 A Yes, ma'am.
 17 Q Okay. Currently, what percentage of
 18 your business are students and classes?
 19 A I would say 40 percent. 30 to 40
 20 percent.
 21 Q So, the majority of your business is
 22 people giving you money to invest in the crypto
 23 space; is that correct?
 24 A I wouldn't say invest, but like I said,
 25 the model is more the loan where we make the

Page 40

1 decisions on what kind of portfolio to -- to
 2 establish, you know. That -- that's more the
 3 route that we take.
 4 Q Okay. The majority of your business is
 5 people giving you money without attending the
 6 classes; is that correct?
 7 A They do attend the classes. It's just
 8 that they don't attend the classes every day.
 9 It's more, you know, of course, like, 7 p.m. it's
 10 when a lot of the people are with their kids now.
 11 So, some people attend. Some people don't.
 12 Q You previously stated that there are
 13 some people that don't attend any classes at all
 14 and just have signed a contract with you and have
 15 said, This is the amount of money I want to put
 16 into the crypto space and I want you to be
 17 responsible for this money; is that correct?
 18 A Yes, ma'am. We do give them
 19 information as far as, you know, the importance
 20 of -- of, of course, getting involved and really
 21 getting to know what it is they are in. We don't
 22 necessarily want them to just put in a -- a
 23 package with us and really not understanding what
 24 we're doing, how we operate and what our
 25 intention is as an academy.

Page 41

1 Q Okay, that's helpful.
 2 A person gives you money. They sign
 3 the contract. What do you do with the money?
 4 A We put it into Bitcoin because that's
 5 how we start distributing and that's how we start
 6 doing trading.
 7 Q Okay. I want you to expand on that.
 8 When you say, Put it into Bitcoin, what do you
 9 mean?
 10 A Okay. So, for instance, somebody buys
 11 a package, what we do is we -- we first tell them
 12 that, you know, they need to open an account, a
 13 crypto account, and to purchase Bitcoin and send
 14 Bitcoin to us as a -- to the company. In order
 15 for us to start doing trading in the crypto space
 16 everything needs to be done by a different coin,
 17 you know. The easiest coin to get access to
 18 where you can find it's called is BTM. Even in
 19 gas stations they have BTMs now. They can go
 20 into the gas station and really buy crypto there
 21 or they can open an -- an exchange like a
 22 Coinbase. And they can leave their bank account
 23 and buy Bitcoin from there as well. And that's
 24 how they -- they will join the -- the company
 25 with us as well.

Page 42

1 Q I don't think I caught the last part.
 2 Can you repeat what you said?
 3 A Okay. For instance, they can open a
 4 Coinbase account and they can link their bank
 5 account to the Coinbase account, purchase Bitcoin
 6 on there. And once they have the Bitcoin, they
 7 can -- they can buy their -- the package that
 8 they're joining with the academy.
 9 Q Do you also accept cash?
 10 A Yes, ma'am, we have.
 11 Q So, if I come to you and I want to give
 12 you cash to put into the crypto space, what do
 13 you do with that cash?
 14 A And then we -- I have to buy Bitcoin
 15 myself and I have to turn it -- I have to put
 16 that cash into Bitcoin so I can start doing
 17 trading.
 18 Q So you're trading Bitcoin?
 19 A Bitcoin is the -- the -- the coin
 20 that -- like, I would say, the parent coin that
 21 we use, but we exchange it for other coins.
 22 Q Okay.
 23 A That will give us the opportunity to --
 24 you know, that is going to have a -- a best
 25 return.

Page 51

1 is that correct?

2 A Well, I think it's both because they do
3 their own trading as well.

4 Q Let me make -- let me get a little bit
5 more clarity here.

6 If you're in the Founders Circle,
7 you're attending classes with you and you were
8 showing them your trades; is that right? That's
9 the whole point.

10 A Correct. Yes, ma'am. But they had
11 their own -- how do I say it? They copied those
12 trades into their own personal account.

13 Q Are they also giving you money to
14 trade?

15 A The packages -- the loan packages
16 that -- that we mentioned.

17 Q Okay. So, the Founders Circle is
18 separate from the loan packages that we talked
19 about before?

20 A It's the same. It's the same. This
21 was just a -- it was kind of like a -- a
22 different class that we established to have more
23 like a, I would say, VIP access to different
24 coins, but it was not -- not -- nothing different
25 than the -- than the loan.

Page 52

1 Q Okay. I'm still confused. So, you
2 have to help me out here.

3 A No problem.

4 Q The Founders Circle it's my
5 understanding had access to you and your
6 expertise. And that --

7 A Personal level. I'm sorry, ma'am.

8 Q Yeah. Mr. Chavez, just let me finish.

9 The Founders Circle was a different
10 class because it had access to you and your
11 expertise, but then, of course those students
12 could also do the loan packages to the company;
13 is that right?

14 A That is correct. Yes, ma'am.

15 Q Okay. But you could do the loan
16 packages to the company without being in the
17 Founders Circle, correct?

18 A Correct. Yes, ma'am.

19 Q And if you were in the Founders Circle
20 was there anything -- anything different about
21 your loan?

22 A No. No. No. I mean, there was
23 nothing different about the loan. Actually, the
24 Founders Circle, if I recall it, we did that --
25 we never offered that any longer. It was just

Page 53

1 the beginning of -- if I remember, I believe it
2 was 2021, beginning of 2021, but it was -- it was
3 not for a continuous. It was like a special
4 class pretty much.

5 Q Excuse me. When did you stop teaching
6 the Founders Circle classes?

7 A I don't -- I'm trying to remember. Let
8 me -- I believe it was, like, March of 2021. I --
9 I don't remember exactly the date though.

10 Q Okay. On the -- the first page of this
11 exhibit you also have Aaron Fajardo marked down
12 with FC 2. What is FC 2?

13 A Okay. FC 2, that's a -- pretty much a
14 second -- like, FC 1 and FC 2 were done in -- in
15 March. It was like kind of -- FC 2 was another
16 training. We did FC 1. Then we did FC 2, but
17 they both ended in like March 2021.

18 Q Okay. Explain what FC 2 was and how
19 it's different from FC 1.

20 A No. It is the same thing. FC 1 was
21 kind of like a seminar or training session that
22 we did. When that ended, then we started FC 2.
23 That's just Founders Circle second -- I don't
24 know how to explain it. It was like a -- a
25 second class pretty much.

Page 54

1 Q Okay. So, it was the same thing as
2 Founders Circle 1. It was just the second
3 version of it?

4 A That is correct. Yes, ma'am.

5 Q Okay. And these classes lasted how
6 long?

7 A I believe both of those were -- we were
8 not giving those classes after March of 2021.

9 Q Okay. And they started in January of
10 2021. So, three months?

11 A Yes, ma'am.

12 Q Okay.

13 MS. HARRIS: Can we go to page nine of
14 the exhibit.

15 Q Do you see that, Mr. Chavez?

16 A Yes, I do.

17 Q Okay. There's -- at the very bottom
18 there's a student or investor named Adrian Vargas
19 VIP. Can you explain what VIP signifies?

20 A Yes, ma'am. Definitely. VIP was that
21 they could have the opportunity to -- to make a
22 little bit of gains on the -- on the loan, but
23 that -- that -- I would say, after -- if I recall
24 it, after June -- June? June, July 2021, it was
25 no longer available.

<p style="text-align: right;">Page 55</p> <p>1 Q If I'm a VIP -- strike that.</p> <p>2 When you say bigger returns, explain</p> <p>3 that.</p> <p>4 A On the -- for instance, like the</p> <p>5 example that you gave me on the \$100.00, correct?</p> <p>6 Let's say that I'm doing the trading with those</p> <p>7 \$100.00. Let's say the opportunity to -- first</p> <p>8 of all, we never guaranteed any returns, but</p> <p>9 let's say the opportunity was to, I don't know,</p> <p>10 make a, let's say, \$20.00 with the regular loan</p> <p>11 example. This one -- like, for instance, instead</p> <p>12 of the company, you know, keeping a -- a -- a</p> <p>13 higher gain, the company would give a little more</p> <p>14 to the student.</p> <p>15 Q Explain that more. When you said, The</p> <p>16 company would give a little bit more. Help me</p> <p>17 understand what that means.</p> <p>18 A Okay. So, let's say the -- let's</p> <p>19 say -- let me just make you an example. Let's</p> <p>20 say I did the trading with \$100.00 and with the</p> <p>21 regular program we made \$20.00 and the company</p> <p>22 kept -- I'll just give you an example. The</p> <p>23 company kept \$5.00 and the student kept \$15.00,</p> <p>24 okay. The VIP would have -- the -- you would</p> <p>25 have the opportunity to make, let's say, \$17.00</p>	<p style="text-align: right;">Page 57</p> <p>1 in a web chat?</p> <p>2 A That was in -- in person.</p> <p>3 Q Okay. And so, if I'm an investor and I</p> <p>4 want to be a VIP investor, how do I qualify?</p> <p>5 A Okay. One thing that we -- that we</p> <p>6 always stay away from an investor because we</p> <p>7 don't want to confuse people that they are -- you</p> <p>8 know, like, we don't want to mislead people in</p> <p>9 any way. And that's why we -- for instance, if we</p> <p>10 would get a loan and we never -- we promised, you</p> <p>11 know, on a return, it's hard to -- to say that,</p> <p>12 you know, no one. It's zero to any percentage,</p> <p>13 but we never --</p> <p>14 Q Okay.</p> <p>15 A We've never made those claims like</p> <p>16 that.</p> <p>17 Q Let me rephrase. If I am a person who</p> <p>18 wants to give you a loan and I want to be a VIP,</p> <p>19 how do I qualify?</p> <p>20 A We no longer had offered that I believe</p> <p>21 since July of 2021.</p> <p>22 Q I understand, Mr. Chavez, but before</p> <p>23 July of 2021 how would I have qualified?</p> <p>24 A Okay. I'm sorry, I didn't understand</p> <p>25 your question.</p>
<p style="text-align: right;">Page 56</p> <p>1 and the company would give -- keep \$3.00 as an</p> <p>2 example. I'm just giving you an example here so</p> <p>3 you can understand.</p> <p>4 Q Okay. Where are these terms --</p> <p>5 where -- where would you put these terms? How</p> <p>6 would -- how would you make an investor</p> <p>7 understand that you were getting bigger returns</p> <p>8 from them?</p> <p>9 A We didn't necessarily tell them as far</p> <p>10 as -- could you rephrase that question, please.</p> <p>11 Q Sure. That was a bad question. That's</p> <p>12 my fault.</p> <p>13 How did you communicate to VIP</p> <p>14 investors the types of returns that they were</p> <p>15 going to get?</p> <p>16 A Well, one -- one thing that we -- we</p> <p>17 always make clear to them that it's -- the crypto</p> <p>18 market is very hard. It's very volatile, but you</p> <p>19 know, because of our experience, because -- you</p> <p>20 know, that they will have the opportunity to --</p> <p>21 but -- to make a little better returns than --</p> <p>22 than -- but we -- we never give exactly what --</p> <p>23 what we are going to get, you know. It's just a</p> <p>24 little hard to predict.</p> <p>25 Q Would you tell them that on the phone,</p>	<p style="text-align: right;">Page 58</p> <p>1 Okay. No. The way we would -- you</p> <p>2 know, kind of like with the Founders Circle, they</p> <p>3 had the opportunity to have access to my trades</p> <p>4 and -- and pretty much me giving them an idea of</p> <p>5 what I was doing to -- to generate income, a VIP</p> <p>6 had similar access to that. So, it we would kind</p> <p>7 of -- so those were some benefits of being a VIP,</p> <p>8 have better access to our trades.</p> <p>9 Q Okay. Did a VIP have to give a minimum</p> <p>10 loan?</p> <p>11 A No, ma'am.</p> <p>12 Q Okay. So you could be a VIP with</p> <p>13 \$5.00?</p> <p>14 A There was no minimum.</p> <p>15 Q Okay. And this is a question for all</p> <p>16 of the loan packages. Was there a minimum that a</p> <p>17 person needed to loan you?</p> <p>18 A Well, because of the crypto space, the</p> <p>19 way it's established, and this is where my</p> <p>20 co-partner Eduardo is the one that came with this</p> <p>21 idea of, you know, to establish a minimum of</p> <p>22 \$1,000.00.</p> <p>23 Q A minimum of \$1,000.00, okay.</p> <p>24 A That is correct. Yes, ma'am.</p> <p>25 Q So, if I'm a person who wants to give</p>

Page 59

1 you a loan and I want to be a VIP before 2020 --
 2 or before July 2021, the benefit of the VIP
 3 status was you would get access to your trades
 4 and get bigger returns; is that correct?

5 A Yeah. I -- I wouldn't necessarily call
 6 it bigger returns, but they have the opportunity
 7 to get better returns.

8 Q Okay. Do you have any idea of your
 9 average return for your VIP customers?

10 A It's just -- it varies. I wouldn't --
 11 I wouldn't be able to give you an exact
 12 percentage.

13 Q Do you have any records where you --
 14 where you kept your returns for your customers?

15 A I believe we do. I will get with my
 16 attorney so we can get those records for you.

17 Q Okay. Yes. That would be responsive
 18 to the subpoena.

19 Okay. Let's move on.

20 You previously said with the founder
 21 classes that you were the one actually making the
 22 trades and you would help them out. And that's
 23 why this was kind of an opportunity to get bigger
 24 returns; is that correct?

25 A It was an opportunity for them to get,

Page 60

1 you know, better calls on -- on different coins
 2 that were coming out, yes, ma'am.

3 Q Okay. Who else at CryptoFX was doing
 4 trading?

5 A Eduardo, my co-partner.

6 Q Was anyone else at CryptoFX doing
 7 trading?

8 A Yes, ma'am, but not -- not on -- on the
 9 students accounts because of the risk involved.

10 Q Okay. So, after Eduardo died you were
 11 the only one doing the trading; is that correct?

12 A Yes, ma'am.

13 Q Okay. Were you also the only one doing
 14 the trading on the loan packages?

15 A Eduardo as well.

16 Q Okay. Was anyone else doing trading on
 17 the loan packages?

18 A Not on the loan packages, no, ma'am.

19 Q Okay.

20 A We -- I -- I tried one person to start,
 21 but it didn't work out. There was not the
 22 mindset that -- that I had for the academy and
 23 myself.

24 Q Who was that person?

25 A That person is John Fernandez which he

Page 61

1 did not come as an employee or any of the
 2 company. He was just referred to -- to me as one
 3 of the -- the person that I was -- helping me
 4 open the accounts and stuff.

5 Q Okay. Let me unpack that.

6 How do you know John Fernandez?

7 A Through another ex-employee of mine.

8 Q And who is that?

9 A His name is Emerson, Emerson Vascone.

10 He told me that -- that, you know, he had a
 11 friend that did trading, that he was doing very
 12 well, that he was teaching classes and -- and,
 13 you know, that -- why didn't I take an
 14 opportunity for him to try out and -- and see how
 15 he can help us with -- with our trading, but when
 16 he joined he was doing ForEx, not crypto. I
 17 myself focus more on crypto than ForEx.

18 Q Okay.

19 A And, you know, at the beginning I -- I
 20 said no, but then I'm like, okay, you know, we
 21 can give opportunity for people to -- you know,
 22 to -- or -- or for the company itself to generate
 23 a greater income. Let's -- we give him the
 24 opportunity to come not as an employee just to
 25 test. But I realized through another student of

Page 62

1 mine one day that he came to my office and saw
 2 that he was there in the U.S., his uncle
 3 actually, he told me a few things that John had
 4 done in the past. I no longer wanted to be
 5 associated with that person.

6 Q Okay. What was John Fernandez doing
 7 for CryptoFX?

8 A I gave him a portfolio -- not a
 9 portfolio, but a -- an account, a ForEx account,
 10 to do trading.

11 Q When was this?

12 A It was -- I don't remember. Like,
 13 January 2021. January, February 2021, around
 14 that -- that time.

15 Q So, you gave him an account to do
 16 trading. Whose money was he trading?

17 A The company's money.

18 Q Okay. So, the loans that people were
 19 giving you to trade?

20 A That is correct. Yes, ma'am. Not the
 21 whole -- I mean, just -- just a fraction.

22 Q Approximately how much money did you
 23 give him to trade?

24 A Anywhere from 200,000 to \$400,000.00.

25 Q Is that total or is that per month?

Page 63

1 A Well, what happened was, like, he would
2 ask me to put in an account 200,000 or -- or
3 300,000 and we would trade with that. And if we
4 got profit -- if it would get profit from that we
5 will take out. And I gave him part and part
6 would be for the company.

7 Q Can you repeat that last part, Mr.
8 Chavez?

9 A Okay. For instance, let's say I gave
10 him \$200,000.00, and the profits were, I don't
11 know, 400,000, part of those 400,000 was for the
12 loans, the company's loans, and part was for
13 John. Like a fee. Like a commission.

14 Q How much commission did Mr. Fernandez
15 earn?

16 A Let's see. I don't have the exact
17 numbers to be honest with you. I don't, so. But
18 it was at least over \$500,000.00, \$600,000.00.

19 Q Okay. I want to go back and ask my
20 question again about how much money was he
21 trading for the company if he earned a
22 \$500,000.00 commission.

23 A It was -- the thing is that we -- since
24 it wasn't his account that we would put in and
25 take out, I would say it was a total from 400

Page 64

1 to -- over 400,000, but not more than 600,000.
2 I -- I don't have the exact numbers to be honest
3 with you at this point.

4 Q What account was he using?

5 A It's in a broker called KOT 4X.

6 Q Do you have the records from that
7 account?

8 A Yes, ma'am. I can definitely obtain.

9 Q Okay. Those would be responsive to our
10 subpoena.

11 Do you have the records for the amount
12 of money that you paid to Mr. Fernandez as
13 commission?

14 A That's one of the tasks that I was
15 searching for because on the -- I believe we --
16 we save information or documentation from some,
17 but I wanted to get an exact amount. That's
18 something that I can definitely get with my
19 attorney and -- and figure out an exact amount
20 and mention all of that.

21 Q Okay. How did you pay Mr. Fernandez
22 commission?

23 A Through Bitcoin and a check.

24 Q Was it through the company's Bitcoin
25 account or through your Bitcoin account?

Page 65

1 A The thing with -- with -- with the --
2 with the Bitcoin itself, on the broker -- on
3 the -- on the account, it's -- you can't open a
4 company account, you know. So, it's -- it's the
5 company's account, so. Yes, ma'am.

6 Q I didn't understand your answer.

7 A Okay. Like, for instance, when you
8 open a -- a income -- a Bitcoin wallet, it
9 doesn't say the company's name, but pretty much
10 it is the company's account.

11 Q So, you paid him with Bitcoin from this
12 wallet?

13 A Correct.

14 Q And this is the same wallet that you
15 are trading the loan money through; is that
16 correct?

17 A That -- that is correct. Yes, ma'am.

18 Q Okay. So, it's all one wallet?

19 A No. It was like -- it was two or three
20 different wallets I would say. Because of --
21 because of hacking and because of things like
22 that you can't have everything in one wallet.
23 It's too risky.

24 Q Who had access to these wallets?

25 A Eduardo and myself.

Page 66

1 Q Okay. So, you paid him through the
2 company's wallet and via check?

3 A That is correct. Yes, ma'am.

4 Q Okay. He started with you in January
5 of 2021. Approximately how many -- or, excuse
6 me. Approximately how much revenue did he
7 generate through his trading?

8 A I don't have the exact -- and that's a
9 number that I do want to get to you, but I -- he
10 made over -- over 500 -- over \$600,000.00 he
11 made.

12 Q Say that again, Mr. Chavez.

13 A That's something that I want to get to
14 you, the exact number. I will definitely get
15 with Mr. -- with my attorney on that. But for
16 sure, for sure, it was more than 500 to
17 \$600,000.00.

18 Q So, he made over \$600,000.00 in revenue
19 for the company; is that correct?

20 A That is correct. Yes, ma'am.

21 Q Okay. And he was paid \$500,000.00 in
22 commissions?

23 A Yeah. No. No, 'cause we -- we --
24 on -- on -- on that account, and I have the
25 records and everything, we made over \$1 million

Page 67

1 in profits. And -- and that's why he got that
2 amount.

3 Q Okay.

4 A I'm talking about over time. Not --
5 over the -- over the time that he was with us
6 that's what I mean.

7 Q Let me restate my question.

8 Over the time that he was trading for
9 CryptoFX, approximately how much profit do you
10 think he made for the company?

11 A Over \$500,000.00.

12 Q Okay.

13 A Oh, you mean for the company or for
14 himself? I'm so sorry. I didn't understand your
15 question.

16 Q I'll restate it.

17 Over the time that he was trading for
18 CryptoFX approximately how much profit did he
19 make for the company?

20 A Okay. Over \$1 million at the
21 beginning. And I will explain to you why in the
22 beginning or would you like me to say right now?

23 Q Yes.

24 A Okay. What happened was he started
25 trading and he started doing very well. That's

Page 68

1 why he got the returns that -- I mean, his
2 commissions that he got, but then he started
3 losing money. And he started losing -- what I
4 realized when he started losing was that --
5 that's the reason why his own uncle came and told
6 me to be careful with him and -- was because he
7 high -- high risk taker and that's not the way we
8 operate.

9 And -- so, he started losing money. And
10 then at the time, that's why his uncle came and
11 told me, Hey, this guy, he's my -- my nephew, and
12 I put money with him and he never paid me. He
13 never paid my son. And that's when John started
14 getting more -- started asking me for money to
15 put in -- in the account and I didn't want to put
16 in more money because I didn't want to have
17 somebody with that background in our company.

18 And at that time then he -- he gave me
19 a check himself from El Generator, which was the
20 company that he was operating with, saying, you
21 know, well, put that in the account and you put
22 in more and -- so, he put in -- he wanted to make
23 up for what he had lost, you know. So, to him --
24 I believe it was about a \$40,000.00 check. And
25 he wanted me to put that in the account so he

Page 69

1 could start gaining back what he had lost.

2 Which, in reality, to me, as a company, we broke
3 even, you know. We didn't win or lose because of
4 the amount of money that I -- that I had given
5 him. But the reason why I decided not to
6 continue was because of the reputation that he
7 had. I didn't want that for our academy.

8 Q Okay. When did he start losing money?

9 A I would say February, March. I would
10 say February. End of February. I don't have --
11 I don't have that exact -- I would have to check
12 the records on the VIP account.

13 Q Okay. February of what year?

14 A 2021.

15 Q So, he only traded for a month?

16 A It was a couple -- it was a couple of
17 months that he traded. Couple of months.
18 Three -- I don't have --

19 Q Okay.

20 A I don't have the dates that it
21 occurred. I will definitely get you that.

22 Q Okay. Thank you.

23 So, you initially gave him between 200
24 and 400 of the company's money. He at first made
25 a profit of a million or over a million and then

Page 70

1 he starts losing money; is that correct?

2 A That is correct. Yes, ma'am.

3 Q Do you have an estimate of how much
4 money he lost?

5 A Well, he -- he lost -- he lost, like,
6 the profits that we had there, but I focus myself
7 not to lose the money for the peoples loans. In
8 other words, even though he made profits for the
9 company, you know, like, those profits that were
10 made were flushed off because of what he lost,
11 you know.

12 Q I -- I don't. I want to understand,
13 but I'm not sure I understood your answer.

14 A Okay. So, let's say, that I gave John
15 \$400,000.00 and he made, let's say, \$1.3 million,
16 some part of that went to him as a commission and
17 the other part was sent to the company for the --
18 for the loans, right. I mean, then -- then he
19 started losing. So, the money that was in the
20 account was lost.

21 So, that's when he said, you know what,
22 let me give you a check -- the market was crazy,
23 let me give you a check for -- for -- so you can
24 put in money in that account, but it was a
25 \$40,000.00 check. And then he started doing the

Page 79

1 A Oh, okay.
 2 Q -- trades being placed?
 3 A No, pretty much the -- the VIP against
 4 regular, the VIPs, they have the access to seeing
 5 my trades, some of that trades, so they can put
 6 it on their own portfolio as well. Everybody has
 7 their own portfolio as well or their own accounts
 8 that they manage.
 9 Q But you were doing the trading for some
 10 of those VIP investors?
 11 A Yes. The people that loaned us the --
 12 yes. That did the loans, yes.
 13 Q Okay. So, for the people that gave you
 14 the VIP loans and the people that gave you the
 15 regular loans, how were the trades different?
 16 A The trades were the same trades.
 17 There's nothing different. The thing is that on
 18 the -- on the VIP, the reason why it was called
 19 VIP was because they had access to me. They had
 20 access to the trades that I call to generate
 21 income for the company.
 22 Q Okay.
 23 A On the other -- on the other ones, they
 24 don't have access to that.
 25 Q Okay. So, if the trades weren't

Page 80

1 different how could you guarantee the VIPs a
 2 possibility of a better return?
 3 A Okay. Well, that -- like I said, Ms.
 4 Harris, we never guarantee. You know, we could
 5 say anywhere from zero to a certain amount, but
 6 we never guarantee. But we knew -- I mean, I
 7 knew that in -- the possible returns that we
 8 could generate. And there -- at some point on
 9 those trades the company had to give away profits
 10 so they could pay a little more to the VIP.
 11 Q Okay. How could you tell the VIPs that
 12 you were going to get a greater return than the
 13 regular loan packages if the trades were the
 14 exact same?
 15 A The thing is like on the other loans,
 16 on the regular loans, even though they have their
 17 own -- their own portfolio or an account
 18 established, they don't have access to the trades
 19 that we take. So, the potential on their own
 20 portfolio is less.
 21 Q Let's say I gave you a loan and I don't
 22 do any trading. I'm just giving you the loan and
 23 I don't want to open up my own portfolio. And I
 24 am saying, I want to be a VIP. I want to do the
 25 VIP loan package. Why are you telling me that I

Page 81

1 have a opportunity for a greater return if the
 2 other loan package executes the same trades?
 3 A Okay. One of the requirements I would
 4 say, or perhaps requirements, on the VIP would be
 5 to -- or for them to arrange -- to ensure that
 6 they have their own accounts. They cannot just
 7 be a VIP without their own accounts because we
 8 wanted to give them the -- kind of the
 9 person-to-person opportunity to -- to have access
 10 to us.
 11 Q Okay.
 12 A More like a mentorship also.
 13 Q Okay. So, to qualify to be a VIP you
 14 had to open up your own portfolio?
 15 A Yes, ma'am.
 16 Q Okay. Did you have to execute certain
 17 trades?
 18 A Could you repeat that?
 19 Q Sure. Did you have to execute certain
 20 trades?
 21 A At that time when -- I don't understand
 22 the question, Ms. Harris. I'm sorry.
 23 Q Sure. When you had the VIP program and
 24 a person wanted to be a part of the VIP program
 25 and give you -- get a VIP loan package, to

Page 82

1 qualify you previously testified that they had to
 2 open up their own portfolio, correct?
 3 A Yes, ma'am.
 4 Q Did they have to execute specific
 5 trades in that portfolio?
 6 A Okay. Yes. I would -- I would help
 7 them execute a particular trade. Of course I
 8 would tell them -- ask them first. I cannot do
 9 it without their permission, but I would help
 10 them in their portfolio and, you know, do the
 11 trades myself for them. And Eduardo as well used
 12 to do that, help me assist them as well.
 13 Q Okay. So, every VIP on this -- on the
 14 list that I showed you of your students had their
 15 own portfolio and you helped them execute those
 16 trades; is that right?
 17 A That is correct. The list -- that's --
 18 that's one -- that was one of the prerequisites
 19 in order to be a VIP member.
 20 Q Okay. So, they had to do their own
 21 individual trading; is that correct?
 22 A That is correct.
 23 Q Okay. I'm -- I'm still a little bit
 24 confused as to if the trades in the regular
 25 portfolio are the same as the trades in this VIP

Page 83

1 portfolio, why would the VIP -- or, excuse me,
 2 VIP group or portfolio, why would the VIP group
 3 get bigger returns? Is it just because you're
 4 helping them?
 5 A Okay. Let me -- let me ask -- let me
 6 go back to the question that I -- the example
 7 that I gave you.
 8 For instance, if you have -- if you
 9 have \$100.00 and we make \$20.00 profit. The loan
 10 was paid \$15.00. The company kept -- on the
 11 regular the company kept \$5.00 as an example and
 12 the loan kept \$15.00. On the VIP the loan would
 13 keep \$15.00 and the -- or -- or, I'm sorry, the
 14 loan would potentially keep \$17.00 and the
 15 company would keep \$3.00.
 16 Q So, with VIPs you actually are
 17 guaranteeing them a return because the company is
 18 paying them, correct?
 19 A Not -- not that we guarantee, no. How
 20 can I say? No, not guaranteeing, but the company
 21 takes less profit on the VIP account.
 22 Q Okay.
 23 A Like, the final profit that you --
 24 that -- that we get, we take a smaller portion
 25 from it. We give more to the -- to the -- to the

Page 84

1 loan.
 2 Q Okay.
 3 A Am I -- did you understand?
 4 Q I do.
 5 A Okay.
 6 Q On average, how much profit would the
 7 company take from a regular loan package?
 8 A It's hard -- it's hard to say a
 9 specific number. I wouldn't be able to give you
 10 that exact number.
 11 Q Okay. On average, how much would the
 12 company take a VIP loan package?
 13 A Same. Same. It's a little difficult
 14 to give you an exact amount or an average.
 15 Q Do you have records that establish how
 16 much the company took or how much the company
 17 took off of each of these loan packages?
 18 A I would have to go back and -- and see
 19 exactly all the records to get that information,
 20 yes.
 21 Q You previously testified that you would
 22 verbally speak to potential persons who were
 23 giving you loans about the commissions before you
 24 signed the contract -- before they signed the
 25 contract; is that correct?

Page 85

1 A Yes, ma'am.
 2 Q After you got their return and you took
 3 a portion, would you tell them how much you took?
 4 A No, ma'am.
 5 Q Okay. So, they never really knew how
 6 much their actual return was without your
 7 deduction for commissions; is that right?
 8 A That is correct. Yes, ma'am.
 9 Q Okay.
 10 MS. HARRIS: Jamie, if you could pull
 11 up Exhibit 12.
 12 (SEC Exhibit No. 12 was
 13 marked for identification.)
 14 Q Mr. Chavez, take your time. Tell me
 15 when you're ready to talk about this exhibit.
 16 A Yes. That's pretty much a -- a
 17 PowerPoint that Mr. Eduardo put together.
 18 Q Okay. Explain to me what this
 19 PowerPoint is.
 20 A That was a presentation that -- we were
 21 doing a -- a PowerPoint presentation of a -- of
 22 the academy and kind of the vision -- vision of
 23 the company and the different ways that the
 24 students could benefit.
 25 Q Did you participate in putting this

Page 86

1 together?
 2 A Somewhat, but mostly it was Mr.
 3 Eduardo.
 4 Q Where was this PowerPoint presented?
 5 A I -- this PowerPoint -- particular
 6 PowerPoint was presented in -- I believe in some
 7 of the live presentations that we did. I don't
 8 exactly recall exactly when we used it, but it
 9 was -- it was to show people who we are and what
 10 we do.
 11 Q When you say live presentations explain
 12 what you mean.
 13 A Okay. You know, like -- for instance,
 14 like, when we do a night trading session or
 15 training, you know, how I told you that we
 16 started in a restaurant?
 17 Q Yes.
 18 A Okay. So, just to give an -- an
 19 example of what the company was.
 20 Q Okay. So, this would be presented at
 21 the classes; is that correct?
 22 A Not all the classes. Just -- this
 23 presentation we didn't -- I believe we didn't use
 24 it so much.
 25 Q Okay.

Page 87

1 A Mr. Eduardo was more involved in
 2 this -- this area more than me.
 3 Q Okay. I heard you say that this was
 4 presented at some classes, but not at all
 5 classes; is that correct?
 6 A Yes, ma'am.
 7 Q Okay. Where else was this presented?
 8 A I believe -- I believe a few of the
 9 students have this as well.
 10 Q How?
 11 A I'm sorry?
 12 Q How?
 13 A It was sent to them via WhatsApp.
 14 Q Do you know which students?
 15 A No, ma'am. I wouldn't be able to know
 16 which students.
 17 Q Okay. When it was sent via WhatsApp to
 18 certain students was it part of a promotional
 19 material or was it to solicit new students? What
 20 was the purpose of sending it to the students?
 21 A Just to present to the students of who
 22 we are, what we are. No, it was not to -- to --
 23 with the purpose -- any purpose to obtain new
 24 students. It was just to show them who we are.
 25 Q Okay.

Page 88

1 A What we do.
 2 Q Was this ever put on line?
 3 A No. Not -- not that I recall. No,
 4 ma'am.
 5 Q Okay. So, this was never put on
 6 Facebook?
 7 A No, ma'am.
 8 Q It was not put on Instagram?
 9 A No, ma'am.
 10 Q Okay. So, this is in Spanish. Let me
 11 ask, is there an English version of this?
 12 A I will double check for you --
 13 Q Okay.
 14 A -- if we do. I will definitely.
 15 Q If there is, that would be responsive
 16 to our subpoena and we -- we would ask that that
 17 be produced.
 18 What is the -- if you could summarize
 19 this presentation, what -- what would you say it
 20 does? Other than kind of telling you what they
 21 do -- you know, what CryptoFX does and everything
 22 else like that, what else -- what else is in
 23 here?
 24 A It's pretty much, if I remember this --
 25 this was a -- this is a -- you know, this is

Page 89

1 pretty much just to teach people on -- on --
 2 on -- about the Blockchain. I remember it
 3 explained about Blockchain and introduction to
 4 Blockchain. What is Bitcoin and kind of the
 5 different packages I believe.
 6 Q Okay.
 7 MS. HARRIS: Let's go to page ten.
 8 Q So, this is in Spanish. And so, I'm
 9 going to rely on you and -- and your skills,
 10 which are better than mine, to tell me what this
 11 table says.
 12 A Okay. This table just gives an
 13 illustration on possibilities -- as it says,
 14 potential. On potential possibilities on -- as
 15 far as kind of earnings that can be obtained.
 16 Q Okay. So, here you're telling
 17 potential people who might give you a loan how
 18 much they can earn if they give their money to
 19 you; is that correct?
 20 A That is correct, but it's -- it's based
 21 on what I'm saying, and like I said, Eduardo is
 22 the one that put this together, it's not
 23 guaranteed. It's a -- it's a potential.
 24 Q Okay. Can you tell me -- there are
 25 four columns. Can you tell me what those columns

Page 90

1 each say?
 2 A Okay. Package.
 3 Q Yeah.
 4 A It says, Gain. Like, potential gain,
 5 on a monthly basis, on a three-month basis and on
 6 a six-month basis.
 7 Q Okay. So, on this table it appears to
 8 say that, for example, if you provide a loan of
 9 \$3,000.00 you'll gain 360 on a monthly basis,
 10 1,350 on a three-month basis, and 2,700 on a
 11 six-month basis; is that correct?
 12 A That is correct. And -- but it -- it
 13 says it's a potential.
 14 Q Okay.
 15 A It's not guaranteed. It's a potential
 16 amount that you can obtain.
 17 Q Okay. And that's the amount of return;
 18 is that correct?
 19 A That is kind of an average potential
 20 return, correct.
 21 Q And is this meant to be in U.S.
 22 dollars?
 23 A It is in -- in Bitcoin, but it is
 24 explained in the -- in the illustration itself it
 25 is explained in U.S. dollars.

Page 91

1 Q Okay.
 2 A It's in Bitcoin. That's why it doesn't
 3 have the dollar sign.
 4 Q Well, let me make clear for the record,
 5 this table illustrates -- I see the coins, but
 6 the numbers are U.S. dollars; is that correct?
 7 A Correct.
 8 Q Okay. What was the basis of putting
 9 this slide together?
 10 A Based on what I know and, like I said,
 11 my co-partner Eduardo is the one that -- he had a
 12 marketing degree. He's the one that put this
 13 together. He -- he's the one that was familiar
 14 with it. The -- the purpose was get, like, an
 15 idea of the potentials of gains that -- that we
 16 could obtain.
 17 Q Let me ask a better question.
 18 What was this slide based on? Was it
 19 based on your average returns? Was it based
 20 on -- what was it based on? What are these
 21 numbers based on?
 22 A Oh, it -- it was based on average -- on
 23 average returns I would say. But, like I said,
 24 it was not a guaranteed return.
 25 Q I understand, but you're telling the

Page 92

1 public that these are potential numbers that you
 2 can gain for them; is that correct?
 3 A Those are some potential numbers,
 4 correct.
 5 Q And is it based on previous
 6 performance?
 7 A Yes, ma'am.
 8 Q Okay. Okay. So, you're putting this
 9 slide together and you feel comfortable with
 10 these numbers because you've gotten these types
 11 of returns before; is that correct?
 12 A That is correct.
 13 Q Okay.
 14 MS. HARRIS: Let's go to page 33,
 15 please.
 16 Q Take some time to look, Mr. Chavez, and
 17 then let me know when you're ready.
 18 A Yes, I'm ready.
 19 Q What does this page describe?
 20 A This is a referral program. It's a --
 21 we are not a multi-level marketing. So, when
 22 Eduardo was coming -- when he came up with this
 23 idea, like, where it says, we're -- it was, like,
 24 more like a -- I don't know how to say it. But
 25 you know the multi-level how they go, like,

Page 93

1 different levels -- up to kind of different
 2 levels, this was put together more as referral
 3 programs for students.
 4 Let's say that if -- and this is just
 5 an example, if you referred a student, like,
 6 let's say, Ms. Harris, you referred a student,
 7 where it says level one right there, you -- you
 8 as a referrer -- referee would make seven percent
 9 which is -- that is based on the -- you know,
 10 where it says Bono Directo with the Bitcoin sign?
 11 Q Yes.
 12 A Okay. It's based on an example of
 13 \$1,000.00 package.
 14 Q Okay.
 15 A So, like, you refer me to the academy
 16 you make \$70.00.
 17 Q Okay.
 18 A And then, the second level, let's say
 19 that I told Mr. John about the academy, but I
 20 brought John to the academy, I made \$70.00, which
 21 John is my -- the person that I referred, but
 22 you, Ms. Harris, made \$30.00 and stop there.
 23 Q So there are two levels of referrals;
 24 is that correct?
 25 A That is correct. Yes, ma'am.

Page 94

1 Q When did the referral program start?
 2 A I'm trying to recall. I don't have any
 3 exact date, Ms. Harris, to be honest with you.
 4 Q Was it before or after last year?
 5 A I -- I don't recall, Ms. Harris. I
 6 will have to check.
 7 Q Okay. Is the referral program still in
 8 place?
 9 A Yes, ma'am. It is still in place, but
 10 we're no longer promoting this referral program
 11 now.
 12 Q Okay.
 13 A I mean, after -- after the subpoena
 14 took place and we no longer promoting.
 15 Q But it is still in place; is that
 16 correct?
 17 A That is correct. Yes, ma'am.
 18 Q Okay. We'll come back to that.
 19 MS. HARRIS: If we could go to page 38,
 20 please.
 21 No. I -- I apologize, not page 38. 35,
 22 excuse me.
 23 Q Do you have it, Mr. Chavez?
 24 A Yes, ma'am.
 25 Q Great.

Page 95

1 Can you explain what page 35 is
2 showing?
3 A Yes, ma'am. It says, Rangos De Avance.
4 This is when you are in the academy, this is like
5 ranks as far as you with the different students
6 would generate in -- in referrals. Like, for
7 instance, Rango Elite which is a ten, it's -- if
8 you -- if you refer \$10,000.00, let's say, in
9 different referrals in your team, you can make
10 \$250.00. And then, Elite 25 which is, in -- in
11 general sales and 25 -- it represents \$25,000.00,
12 you get \$500.00. And it moves on to Elite 500
13 which is 500,000 that you can generate up to
14 \$10,000.00.
15 Q Is the point of these programs to get
16 more loans coming in?
17 A No, ma'am. No, ma'am. This is just an
18 incentive that was -- that was created to -- at
19 the beginning, you know. Of course, we wanted to
20 promote the -- the idea, the academy itself, but
21 it was -- we didn't do any -- we never went on --
22 on -- we never put this on Facebook. We never
23 put this on Instagram. We never put this on our
24 website itself at all to get more -- more
25 students.

Page 96

1 Q Yeah. I understand the slide wasn't on
2 line. What I want to understand is the actual
3 program.
4 Am I correct in saying that the point
5 of the referral program was to get more people
6 involved and get more people loaning money; is
7 that correct?
8 A Yes. I could say, yes, ma'am.
9 Q Okay. So, what this slide shows is if
10 you had a certain number of people under you in
11 CFX or crypto -- well, if you had a certain
12 amount of people under you within the company and
13 those people were referring more people in,
14 you -- you would get cash; is that right?
15 A As an incentive that you would get and
16 your team -- sales team you would get extra. It's
17 like a -- like a bonus.
18 Q Okay.
19 A It was -- it wasn't necessarily cash.
20 It was in Bitcoin. I don't know why Eduardo put
21 cash there, but it was in Bitcoin.
22 Q Okay. So, people were incentivized to
23 talk to other people and get them to invest or
24 loan you money; is that right?
25 A Correct. It was, you know, based on --

Page 97

1 on the sales obtained, correct.
2 Q Okay. When you're talking with
3 potential students -- excuse me, with potential
4 investors or people who are loaning you money,
5 did you -- would you tell them about the referral
6 program?
7 A Honestly, I -- I didn't myself, no,
8 ma'am.
9 Q Okay. So, you wouldn't say, Hey,
10 invest \$10,000.00 with me and if you get someone
11 else to invest you can get some money on top of
12 that as well?
13 A No, ma'am. I -- I personally didn't.
14 No, ma'am.
15 Q Do you know if others who worked for
16 your company did?
17 A I -- I believe this was more introduce
18 if they are students or anyone. This was not
19 presented as a way to get more people to loan
20 money.
21 Q Okay. But get more people involved; is
22 that right?
23 A But I believe we didn't do incentives
24 until people were in the academy already. Not
25 to -- to get potential people with this

Page 98

1 particular promotion or -- or -- how can you say
2 it? This particular page that you're showing.
3 Q Right. And I thought -- strike that.
4 You did previously testify that this
5 was an incentive to get people involved and get
6 people loaning more money. Am I -- am I right in
7 saying that?
8 A Yes. Yes, ma'am.
9 Q Okay. So, help me understand how
10 it's -- it's not getting people -- well, strike
11 that.
12 Let's -- let's move on, but we're going
13 to come back to the referral program, but before
14 we move on, let me wrap this up.
15 This slide is a -- is related to the
16 referral program that we were talking about on
17 the other slide, slide ten, correct?
18 A Yes, ma'am.
19 Q Okay. Was there any additional
20 incentives for people to bring in larger loans?
21 A Not that I recall, ma'am.
22 Q What I'm trying to figure out, Mr.
23 Chavez, is what's the different, like, 10, 25,
24 50, 100, 250 here is. Help me understand that.
25 A This is just -- this is, like, in

Page 99

1 sales, in your network team referral program that
 2 we put together, this is just an example of --
 3 this was -- it was like a promotion that -- that
 4 was done.
 5 Q Apologies, technical difficulties over
 6 here.
 7 A No program.
 8 Q Okay. So, this was a promotion that
 9 was done. And it seems like the more money that
 10 you had on your team the more cash or Bitcoin you
 11 could earn; is that correct?
 12 A Correct. Not -- not necessarily
 13 presented like that, but yes, ma'am.
 14 Q Okay. So, weren't you incentivized to
 15 bring in people with larger loans because then
 16 you would get more money?
 17 A No. In a way, no, because I -- like I
 18 said, this wasn't represented to them when they
 19 were joining the academy.
 20 Q Repeat that answer again, please.
 21 A Like, we didn't focus on this to get a
 22 student in the academy.
 23 Q Correct. But if this program was in
 24 place and a person who loaned you money or a
 25 student at the academy knew about it, wouldn't

Page 100

1 that person be incentivized to bring in other
 2 people who had large loans so they could
 3 eventually say, Hey, I've brought in, you know, a
 4 certain amount, you owe me \$5,000.00. And if I
 5 brought in an even larger amount you might owe me
 6 \$10,000.00; isn't that correct?
 7 A Yes, ma'am.
 8 Q Okay. So, they were incentivized to
 9 bring in loans. And they were incentivized to
 10 bring in larger loans because there were a larger
 11 reward, correct?
 12 A Correct.
 13 Q Okay. All right. I would note that
 14 this document says, CFX Lifestyle --
 15 A Correct.
 16 Q -- at the very bottom.
 17 A Correct.
 18 Q Okay. What is the relationship between
 19 CFX lifestyle and CryptoFX?
 20 A Okay. What -- what happened was
 21 that -- was that once we established the
 22 CryptoFX, LLC there was a company, I believe it's
 23 in Europe or something, that I -- that we
 24 realized that was CryptoFX already. I don't know
 25 if it was like -- I don't recall it right now.

Page 101

1 And that company was -- I don't know if it was
 2 closed or shut down or -- I don't know what
 3 happened to the company. And we didn't want to
 4 get people thinking that that was us, you know.
 5 So, that's why we replace it as the marketing to
 6 CFX Lifestyle.
 7 Q Okay. When did that happen?
 8 A 2021.
 9 Q So, same business, same business model;
 10 is that right?
 11 A Correct. Yes, ma'am.
 12 Q Okay. Last question on this slide. Can
 13 you tell me what the sentence at the very bottom
 14 says?
 15 A I cannot read that.
 16 Q Yeah, take your time.
 17 A Sorry, I -- which one, Ms. Harris?
 18 Q Sure. It's the sentence starting with,
 19 Las Perna.
 20 A Okay. Oh, okay. What it's saying is
 21 in your sales team, like, in your sales team or
 22 your referral network, okay, in your referral
 23 network they're saying that -- okay, that you can
 24 get up to the volume, but it's going to recover.
 25 It's up to 40 percent, that's what it's saying.

Page 102

1 Q Explain that please.
 2 A Okay. So, for instance, let's say that
 3 you got me as a referral and I put in -- let's
 4 say I put in a loan of \$10,000.00, correct. 40
 5 percent of that is used for this particular
 6 promotion or the -- the volume itself is 40
 7 percent. It's 40 percent. It's 40 percent.
 8 Q I'm sorry, Mr. Chavez, I'm going to
 9 have to ask you to explain that again. I don't
 10 quite understand.
 11 A Okay. So, for instance, let's say
 12 the -- the -- you refer me to the academy and I
 13 put in a loan for \$10,000.00 as an example.
 14 Q Okay. Okay.
 15 A Or \$1,000.00. The volume that is
 16 calculated for this particular promotion, \$40.00
 17 of that is taken into consideration to this
 18 promotion.
 19 Q \$40.00 or 400?
 20 A I'm so sorry, \$400.00. I'm so sorry,
 21 yeah.
 22 Q So, \$400.00 would go to who?
 23 A No. No. It was not that it would go,
 24 but it was calculated. The promotion is
 25 calculated. \$400.00 out of those \$1,000.00. So,

Page 127

1 Exodus or Blockchain on or around the first
2 week -- weeks of February 2021, correct?
3 A Yes, ma'am. Correct.
4 Q Okay. We're going to go to one more
5 document Exhibit 14 and then I'd like to break
6 for lunch if that's okay with everyone.
7 (SEC Exhibit No. 14 was
8 marked for identification.)
9 A Yes, ma'am.
10 Q Is everyone okay?
11 A Yes, ma'am.
12 Q All right. Mr. Chavez, can you confirm
13 that this is a true and correct copy of a student
14 contract for Rodolfo Hernandez Lopez?
15 A Yes, ma'am.
16 Q Okay. At the bottom there is a
17 signature for Mr. Lopez and there's also a
18 signature for a CryptoFX, LLC representative.
19 Whose signature is that?
20 A Yes, that -- that was Roberto Zabat.
21 Q Who is that?
22 A That's one of our -- our interns as
23 well.
24 Q And he had authorization to sign
25 documents?

Page 128

1 A I believe Eduardo gave him
2 authorization, correct.
3 Q What is his role at CryptoFX?
4 A Just -- pretty much just -- not an
5 educator, but an employee.
6 Q As an employee what does he do?
7 A Pretty much show the people the
8 opportunity to joining the company and how they
9 can participate.
10 Q Okay. Did he get a salary?
11 A Commission.
12 Q Okay. Commission based on what?
13 A Based on production.
14 Q When you say production, do you mean
15 the amount of profits from trading?
16 A Pretty much on the -- the loans -- on
17 the loans itself, on the -- when -- when he --
18 over here --
19 THE WITNESS: Can you hear me, Mr.
20 John?
21 MR. SKLAR: I hear a little.
22 THE WITNESS: Can you put mute, please.
23 Okay.
24 MR. SKLAR: Sorry.
25 A Can you hear me now, Ms. Harris.

Page 129

1 Q I can.
2 A I'm hearing myself, that's why. Can
3 you hear me?
4 Q I can. You're cutting in and out, but
5 I can hear you, yes.
6 A I'm hearing -- I'm hearing myself.
7 THE WITNESS: I don't know if -- Mr.
8 John, are you on mute, sir? Can you put yourself
9 on mute?
10 MS. HARRIS: Mr. Sklar, if you could
11 put yourself on mute, please.
12 Q Mr. Chavez, can you hear me?
13 A I can hear you now. It's better. Mr.
14 John had his -- his microphone on that's why --
15 Q Okay.
16 A -- I was hearing myself.
17 Okay. So, Mr. Roberto pretty much
18 he's -- he's like an employee for the company and
19 he's in charge of kind of overseeing the --
20 the -- when the student join the academy.
21 Q Okay. So, he was based -- he was paid
22 based on the amount of people joining?
23 A Yes, ma'am.
24 Q Okay. Did he get higher commissions
25 based on --

Page 130

1 A I would say more a promoter, you know.
2 I'm sorry?
3 Q Okay. And -- okay. Let me finish my
4 questions, Mr. Chavez.
5 A Sorry.
6 Q Was he -- was he paid based on the
7 amount of money people would loan?
8 A On -- on what he did on -- that
9 particular aspect that he did, yes, ma'am.
10 Q So, is that a yes?
11 A Yes, ma'am.
12 Q Okay. Whose signature is -- whose
13 signed -- who -- who signed as the crypto
14 receiver here on this contract?
15 A I would -- I will have to double check,
16 Ms. Harris.
17 Q Okay. Who was authorized to sign as a
18 crypto receiver?
19 A Yes, that's -- that's where -- based on
20 the previous questions that you asked me, I'm
21 going to get you that information through my
22 attorney.
23 Q Okay. So, you -- you don't know who's
24 authorized to sign as a crypto receiver?
25 A Okay. Eduardo is the one that

Page 131

1 established that. So, I will have to double
 2 check on that.
 3 Q What was the purpose of having a crypto
 4 receiver? What was the purpose?
 5 A The crypto receiver was the person
 6 that -- that received those -- when the person
 7 enrolled, the crypto receiver is the one that
 8 when they send us the -- the Bitcoin, the crypto
 9 receiver, he's in charge of acting as whether or
 10 not 50,000 were received in Bitcoin or not.
 11 Q Can you restate that answer? I don't
 12 think I understood it.
 13 A Okay. The crypto receiver is the
 14 person, you know, when -- when the person
 15 enrolled, when the money was paid, the crypto
 16 receiver is supposed to ensure that those funds
 17 were received.
 18 Q Okay. Did the crypto receiver -- let
 19 me ask a better question strike that.
 20 How did the crypto receiver ensure that
 21 the money was received?
 22 A He would call Eduardo or myself or --
 23 and ask us when -- whether the money was received
 24 or not.
 25 Q Did he have a separate bank account

Page 132

1 where the loans were deposited?
 2 A Who?
 3 Q The crypto receiver.
 4 A No, ma'am.
 5 Q Okay. So, the crypto receiver's role
 6 was to go out and talk to potential people who
 7 were loaning and then call and make sure that
 8 they actually -- you actually got the money?
 9 A Correct.
 10 Q Okay.
 11 A But the crypto receiver, it's -- he's
 12 an employee of the company.
 13 Q Okay. I'm trying to understand how
 14 he's different from a representative. Help me
 15 understand that.
 16 A The -- the thing, Ms. Harris, is that
 17 signature -- it's hard for me to answer that
 18 question at this point because of the signature.
 19 I don't know who the signature was.
 20 Q I understand, but I want to understand
 21 what a crypto receiver does -- CryptoFX receiver
 22 does in general. It doesn't matter who this is.
 23 A Okay.
 24 Q What does that role entail?
 25 A That -- that has to be a person in

Page 133

1 the -- in the office and the person ensures that
 2 the money is received -- the funds are received.
 3 Q Okay.
 4 A With Eduardo or myself whether those
 5 funds were received or not.
 6 Q Is this like an accountant?
 7 A Not necessarily, no, ma'am. But it --
 8 it had to be somebody in -- in accounting.
 9 Q Okay. So, they just kept track of
 10 whether or not the money had cleared from the
 11 separate investors?
 12 A They -- that particular person had to
 13 check to see if those funds were received for
 14 that particular loan.
 15 Q Okay. Okay. Okay. Let's move on.
 16 So, this contract here is slightly
 17 different from the previous contract that we
 18 talked about. When did you guys change format?
 19 A It was 2021 that we changed. I don't
 20 recall the exact date.
 21 Q Do you know if it was spring or summer?
 22 A I would have to double check, Ms.
 23 Harris.
 24 Q Okay. And, I'm sorry, Mr. Chavez,
 25 because I know this is very sensitive, but when

Page 134

1 did Eduardo pass?
 2 A It was end of -- of the year end of
 3 2021.
 4 Q The reason -- the only reason I bring
 5 that up is because, did he change this template
 6 or did you?
 7 A No. He helped changed the template.
 8 Q Okay. Okay. Why did you change the
 9 template?
 10 A You know, we -- we wanted to make it --
 11 how can we say it? Not only protect the
 12 students, but protect the company itself. And
 13 unfortunately, we did not get the advice from the
 14 lawyer when this was created. We did it
 15 ourselves. Of course the ideal thing would be to
 16 get the advice from the lawyers to get this
 17 changed, but we just thought that the first one
 18 was too -- not as strong enough. Not to -- not
 19 only to protect the students, but the company as
 20 well.
 21 Q Okay. So, you wanted to change this --
 22 the contract to make it stronger to protect the
 23 company?
 24 A And its students as well.
 25 Q Okay. So, the template's changed. Has

Page 135

1 the business model changed?
 2 A No, ma'am.
 3 Q Okay. So, you're still giving out
 4 Bitcoin and you're still giving out returns for
 5 the people who are giving you loans; is that
 6 correct?
 7 A For the previous contracts we -- that
 8 is to say, we not promoting because we didn't
 9 know how things, you know, right now are.
 10 Especially when we get the subpoena. So, this
 11 was something that we -- we still have the same
 12 model.
 13 Q Okay. And, Mr. Chavez, it's important
 14 we don't talk over each other, but with this
 15 contract, am I correct in saying you have the
 16 same model in that you are still taking loans and
 17 investing in the cryptocurrency space and you're
 18 still doing classes; is that correct?
 19 A We're still doing the -- we're still
 20 paying out these loans and we still doing the
 21 classes as well, yes, ma'am.
 22 Q Okay. Mr. Lopez -- how was Mr. Lopez
 23 recruited?
 24 A Same, he was referred through somebody.
 25 Q And based on this contract is it my

Page 136

1 understanding that Mr. Lopez was recruited by
 2 Juan Antonio Hernandez?
 3 A On the screen I cannot see it. Can you
 4 please move it up?
 5 That is correct. Yes, ma'am.
 6 Q And the indirect sponsor is Mr. Tursio,
 7 correct?
 8 A That is correct. Yes, ma'am.
 9 Q Okay. And Mr. Lopez gives you a loan
 10 of \$50,000.00; is that correct?
 11 A Yes, ma'am.
 12 Q On July 15th, 2021?
 13 A Yes, ma'am.
 14 Q Do you see on the far left a check
 15 number starting at 685?
 16 A Yes, ma'am.
 17 Q What does that signify?
 18 A That he probably -- what happened was
 19 that he gave a check for the \$50,000.00. That's
 20 what it means.
 21 Q Where would that check go?
 22 A I would have to -- I don't have that
 23 information, Ms. Harris. I will have to double
 24 check on that.
 25 Q Understood, but in general where would

Page 137

1 you deposit checks for loans?
 2 A To one of the -- to the CryptoFX
 3 account or it was probably at the deposit to a
 4 CBT Group account.
 5 Q Okay. What is CBT Group?
 6 A CBT Group is -- it's a real estate
 7 company that -- that I was establishing for the
 8 academy as well.
 9 Q Okay. I'm going to come back to that
 10 later, but let me ask, if he signs up for the
 11 gold package and pays \$50,000.00, what does that
 12 buy him?
 13 A Again, that's the opportunity to -- you
 14 know, like, the program that we have for where we
 15 put the money to trade. And also with the gold
 16 package gives him access to more, like,
 17 one-on-one classes. More, I would say, VIP
 18 classes, more advanced classes.
 19 Q With the gold package is there an
 20 opportunity to get greater returns?
 21 A Not necessarily, no, ma'am.
 22 Q You previously said with the VIP
 23 classes that there was an opportunity to get
 24 greater returns.
 25 A Yes.

Page 138

1 Q Is the gold package different than VIP
 2 package?
 3 A Yes, ma'am. VIP was the -- they will
 4 have an opportunity to get higher returns. Gold
 5 package only means that you have access to more
 6 advanced classes.
 7 Q Okay. Okay. So, \$50,000.00 means he
 8 got the most advanced classes and he gave you a
 9 loan for \$50,000.00; is that right?
 10 A Yes, ma'am.
 11 Q Okay. And on October 15th, 2021 he got
 12 a return of \$22,500.00; is that right?
 13 A Yes, ma'am.
 14 Q Okay. And his direct sponsor got a
 15 payment -- referral payment of 3,500?
 16 A Yes.
 17 Q And then his indirect sponsor got a
 18 payment of 1,500?
 19 A Yes, ma'am.
 20 Q Okay. Let me ask you about where --
 21 well, let me step back.
 22 The payment of 22,500, was that in cash
 23 or would that be in Bitcoin?
 24 A I would have to check, Ms. Harris.
 25 Q Okay. You don't know, okay. But if it

Page 139

1 was in Bitcoin, as you testified previously, it
 2 could have come from either Exodus or Blockchain,
 3 correct?
 4 A Yes, ma'am.
 5 Q And so, when we pull the records we
 6 would expect to see a payment to Mr. Lopez from
 7 either Exodus or Blockchain from your crypto
 8 wallet to him on or around October 15th of 2021,
 9 right?
 10 A Yes, ma'am.
 11 Q Okay. So, \$50,000.00, get the check,
 12 where -- you know, which account did you deposit
 13 it to?
 14 A I will have to double check. I don't
 15 have that information, Ms. Harris.
 16 Q And correct, I apologize, you said that
 17 before.
 18 Help me understand in general where you
 19 would deposit investor checks?
 20 A The CryptoFX account Maurizio Group
 21 account or CBT accounts as well.
 22 Q Why would you not deposit all of the
 23 checks to the CryptoFX accounts?
 24 A Because the bank were closed account --
 25 accounts because of the CryptoFX work.

Page 140

1 Q Repeat your answer.
 2 A Because the banks when they look at
 3 CryptoFX, the bank did not want it -- I don't
 4 know, they -- because they -- because of the
 5 crypto space, you know, as it is not affecting --
 6 I'm not going to say legal term -- I'm not going
 7 to say that term, but the banks really don't
 8 like, at least that's what they told me, crypto
 9 accounts. So, that's why they shut down my
 10 account.
 11 Q Who told you that?
 12 A Well, not necessarily the bank itself
 13 tell me that, but that's when they closed down my
 14 accounts when I was doing deposits into that
 15 account.
 16 Q So, why do you think it was because it
 17 was crypto?
 18 A I'm assuming it was. I don't have a
 19 fact on that, but I -- I assumed it was that.
 20 Q Okay. What did they tell you about why
 21 they closed down your account?
 22 A Because of Cadence Bank was just a bank
 23 that I had. Unfortunately, I didn't manage the
 24 accounts correctly because I didn't know. So, I
 25 transferred money from my personal to -- to the

Page 141

1 crypto and from the crypto to the Maurizio
 2 Group. I transferred monies within the accounts
 3 and I didn't know you could do that. So, that's
 4 why.
 5 Q So, they actually closed down your bank
 6 accounts because you transferred money from your
 7 personal to your business accounts?
 8 A Yes, ma'am.
 9 Q And that's what they told you?
 10 A Yes, ma'am.
 11 Q And when did you shut down that -- that
 12 or when did that account shut down?
 13 A It was 2021, but I will have to double
 14 check, Ms. Harris.
 15 Q Okay. And it was Cadence Bank where,
 16 what branch?
 17 A Houston, Texas.
 18 Q Okay. Would you put all of the
 19 sponsor -- or, excuse me. Would you put all of
 20 the loan money in one pool account in the Cadence
 21 Bank account?
 22 A I don't understand your question, I'm
 23 sorry.
 24 Q Okay. So, before it was shut down,
 25 would you put all of the money in the CryptoFX

Page 142

1 Cadence Bank account? Is that where it would go?
 2 A Yes, ma'am.
 3 Q Okay. So, prior to being shut down in
 4 2021, and I understand you were going to get me
 5 the dates, every single check or wire transfer or
 6 cash that you received would go into the Cadence
 7 Bank account for CryptoFX; is that right?
 8 A Yeah, Cadence or Lone Star, but Lone
 9 Star same thing happened to me.
 10 Q Okay. When did you open up the Lone
 11 Star Bank --
 12 A Same, in 2021.
 13 Q Did you open up the Lone Star Bank
 14 because the Cadence Bank was shut down or these
 15 are just two bank accounts that you had?
 16 A I believe I did it -- I don't know if I
 17 did it afterwards -- I don't recall if I did it
 18 afterwards or it was at the same time. I will
 19 have to go and double check.
 20 Q Okay. Just letting you know, these
 21 records are all responsive to our subpoena. So,
 22 we would like to see these records. What I'm
 23 trying to understand is where you deposited all
 24 of this loan money that you were getting and if
 25 you deposited it under a CryptoFX business

Page 143

1 account.
 2 Is it your testimony today that every
 3 loan that you received was deposited under a
 4 CryptoFX bank account?
 5 A Yes, ma'am.
 6 Q Yes?
 7 A I'm so sorry. Could you repeat that
 8 again? I didn't --
 9 Q Sure.
 10 A Could you rephrase that? I'm sorry.
 11 Q Sure.
 12 Every loan -- every loan that you
 13 received, whether it was cash, a check, a wire,
 14 was it placed under a CryptoFX business account,
 15 whether that was at Cadence Bank or Lone Star
 16 Bank; is that -- is that correct?
 17 A Yes, ma'am.
 18 Q Okay. So, you never would take loan
 19 money and put it into a CBT Group account?
 20 A I will have to double check on that and
 21 get with my attorney and give you that
 22 information.
 23 Q Okay. Would you ever direct any people
 24 who were giving you loans to make out checks to
 25 the CBT Group?

Page 144

1 A Not that I recall. I will have to
 2 double check with on that, Ms. Harris.
 3 Q Okay. If you were to put any loan
 4 money into the CBT Group account would you
 5 disclose that to the people who were loaning you
 6 money?
 7 A No, ma'am.
 8 Q Okay. If you were to put money into
 9 the Maurizzio Group account would you disclose
 10 that to the people who were loaning you money?
 11 A I would have to check on -- on the
 12 previous questions and -- and -- and this I would
 13 to -- I don't recall.
 14 Q Okay. You don't recall whether or not
 15 you told a person loaning you money, I'm going to
 16 put this into a CBT Group account? You don't
 17 recall that?
 18 A Most likely, yes. I would say yes to
 19 that -- to that question.
 20 Q Okay. You would tell them that you
 21 were depositing it into a separate account that
 22 was separate from CryptoFX?
 23 A Yes, ma'am.
 24 Q Okay. Would you tell them that CBT
 25 Group was a real estate firm or, excuse me, a

Page 145

1 real estate development account?
 2 A Yes, ma'am.
 3 Q Okay. How would you tell them this?
 4 A Pretty much when they were -- they
 5 were -- they would write a -- a check that's told
 6 to them at that time.
 7 Q Okay. So, you would have to kind of
 8 tell them this because they would write a check
 9 for CBT Group, correct?
 10 A Correct. Yes. Because they cannot
 11 just sign a check for a particular entity without
 12 knowing where it's going.
 13 Q So, am I correct in saying that you did
 14 direct some of the people giving you loans to
 15 fill out checks to the CBT Group, correct?
 16 A Now that you refresh -- yes. Yes,
 17 ma'am.
 18 Q Okay. And that money was used for
 19 Bitcoin trading?
 20 A Yes, ma'am.
 21 Q Okay. Okay. We are at 1:16. I -- I'm
 22 at a good place where I can stop. And I think we
 23 can go off the record now for lunch.
 24 (Whereupon, at 1:16 p.m., a luncheon
 25 recess was taken.)

Page 146

1 AFTERNOON SESSION
 2 MS. HARRIS: We are back on the record
 3 at 2:13 p.m. Central Time.
 4 BY MS. HARRIS:
 5 Q Okay. Mr. Chavez, we left off talking
 6 about your bank account and the transfers of
 7 money between your bank accounts. I'd like to
 8 pick up on my questions there.
 9 So, Mr. Chavez, you mentioned that you
 10 had bank accounts under CryptoFX, Maurizzio
 11 Group -- Maurizzio Group, CBT, LLC; is that
 12 correct?
 13 A Yes, ma'am.
 14 Q Do you have any other entities in which
 15 you have bank accounts under?
 16 A That's the only -- those are the ones I
 17 have accounts under besides myself.
 18 Q So, that's it?
 19 A Yes, ma'am.
 20 Q Okay. Was there ever a CryptoFX -- or,
 21 excuse me, a Crypto Lifestyle bank account?
 22 A No, ma'am.
 23 Q Okay. I want to understand the flow of
 24 money once you got a loan. So, I'm going to ask
 25 you some questions and if you could walk me

Page 147

1 through it that would be helpful.
 2 When a person gave you a loan for
 3 CryptoFX for you to put in the cryptocurrency
 4 space you previously testified that it would go
 5 into the CryptoFX account; is that correct?
 6 A Yes, ma'am.
 7 Q Okay. And that CryptoFX account got
 8 shut down in 2021?
 9 A Yes, ma'am.
 10 Q Okay. It got shut down because there
 11 were transfers between your -- your personal
 12 account and your business account; is that
 13 correct?
 14 A Yes, ma'am.
 15 Q Okay. Explain what you were
 16 transferring and why.
 17 A Pretty much since I on the -- on the
 18 crypto account itself, when I link a bank
 19 account, it needs to be under -- it needs to be
 20 under my name. So, that's why I did transfers
 21 for that. So, I didn't know that within the bank
 22 concept or the way monies is used you couldn't do
 23 that. So, they -- when I asked them, Why you
 24 close my account, that was the reason that they
 25 told me that.

Page 148

1 Q Help me understand a little bit more.
 2 You had the CryptoFX account at Cadence and then
 3 you had a personal account at Cadence, right?
 4 A Yes, ma'am.
 5 Q And you were transferring money between
 6 the two, correct?
 7 A Yes, ma'am.
 8 Q Were you transferring money from the
 9 business account to the personal account?
 10 A I don't recall that information, Ms.
 11 Harris. I would have to double check on that.
 12 Q Okay. What did they tell you that you
 13 couldn't do? Please explain.
 14 A That I could not do that. That I
 15 cannot transfer from the business to the personal
 16 or from the personal to the business, that's what
 17 it is.
 18 Q Okay. How often were you making
 19 transfers?
 20 A Not -- not often. It was just a -- a
 21 couple of transfers, but I guess in their
 22 system -- in the back office system that put in
 23 a -- a flag to their system and -- that I
 24 couldn't do that.
 25 Q Why were you making transfers?

Page 149

1 A Because to -- like I said, to buy
 2 crypto I needed to put -- I don't know -- I don't
 3 recall exactly what was under my name, but I did
 4 it under my name to crypto or -- or it was from
 5 the business to me. I would have to double check
 6 on that to give you a better answer.
 7 Q So, you were trying to buy crypto for
 8 yourself and you were using the money from the
 9 business account to do that?
 10 A No. No, ma'am. Not for myself, for
 11 the company.
 12 Q Why didn't you use the company account
 13 to buy the crypto?
 14 A Because like when you link an account
 15 to an exchange you cannot -- you cannot have that
 16 in the -- I -- I -- I had to do it like that -- I
 17 had to understand really what I did. I don't
 18 have -- like I said, I don't want to say things
 19 that is not -- I would have to get more
 20 information on that and really give you a
 21 clarified answer on that.
 22 Q You previously testified that there
 23 were several Bitcoin wallets --
 24 A Yes, ma'am.
 25 Q -- is that correct?

Page 150

1 A Yes, ma'am.
 2 Q How many Bitcoin wallets were there?
 3 A I believe it's -- it was four.
 4 Q Were these linked to the Cadence
 5 business account?
 6 A No, ma'am.
 7 Q Where were these linked to?
 8 A I have to check it was -- if it was
 9 linked to my personal account, but I would have
 10 to double check on that.
 11 Q Let me make sure I understand your
 12 testimony. Were these four Bitcoin wallets
 13 linked to your personal Cadence account?
 14 A No, ma'am.
 15 Q Were these Bitcoin wallets linked to
 16 another personal account?
 17 A No, ma'am.
 18 Q Where were these Bitcoin wallets linked
 19 to?
 20 A I would -- like I said, I would have to
 21 go back and -- and check and give you a better
 22 answer.
 23 Q Okay. What platform were these wallets
 24 on?
 25 A Exodus, Blockchain and Bittrex.

<p style="text-align: right;">Page 151</p> <p>1 Q Can you list those out again? Exodus, 2 Blockchain and what was the third one? 3 A Bittrex. Bittrex. 4 Q You previously only listed two, Exodus 5 and Blockchain, but there were three wallets -- 6 or, excuse me, three exchanges and four wallets; 7 is that right? 8 A No. The -- the wallets and the 9 exchanges is the same, the same thing. 10 Q Okay. Help me understand a little bit 11 more. So, you had a wallet on Exodus. You had a 12 wallet on -- 13 A Blockchain. 14 Q -- Blockchain. And then you had two 15 wallets on the other one? 16 A Bittrex. Bittrex. The other wallet 17 Eduardo is the one that managed that one. 18 Q Okay. 19 A He had a Binance wallet. 20 Q Okay. So, you had one wallet on 21 Binance -- 22 A Bittrex. 23 Q -- one wallet -- please let me finish 24 my question. 25 A Yes, ma'am.</p>	<p style="text-align: right;">Page 153</p> <p>1 please help me understand it. 2 A Okay. Can you rephrase, please, Ms. 3 Harris. 4 Q Sure. I'm trying to understand why you 5 were transferring from your business account to 6 your personal account. And it was your previous 7 testimony that you had to do it because you had 8 to buy Bitcoin under your personal account; is 9 that correct? 10 A Correct. Yes, ma'am. 11 Q Okay. So, you were transferring money 12 from the CryptoFX business account to your 13 personal account; is that correct? 14 A Correct. 15 Q To buy Bitcoin, correct? 16 A Correct. Yes, ma'am. 17 Q Help me understand why you couldn't 18 have just bought Bitcoin from the CryptoFX 19 account. 20 A Because on the CryptoFX account, like, 21 an exchange from Bittrex, that exchange is under 22 my name. It's not under CryptoFX because I 23 couldn't open under CryptoFX on that exchange. 24 Q Okay. Is the Blockchain account under 25 your name?</p>
<p style="text-align: right;">Page 152</p> <p>1 Q You had one wallet on Binance. You had 2 one wallet on Blockchain. You had one wallet on 3 Exodus and you had one wallet on Bittrex? 4 A Bittrex, yes, ma'am. 5 Q Bittrex, okay. And those four wallets 6 were the wallets that you used for Bitcoin 7 trading for CryptoFX? 8 A Yes, ma'am. 9 Q Where were those wallets -- what bank 10 account were those wallets linked to? 11 A I would have to double check on that, 12 Ms. Harris. 13 Q Okay. Let me get back to the transfers 14 between your personal and business accounts. You 15 said it was to buy Bitcoin, correct? 16 A Yes, ma'am. 17 Q And you had to buy Bitcoin through your 18 personal account? 19 A Like I said, I have to check because 20 what happened is like, for instance, if I bought 21 it from somebody, I would have to do a wire 22 transfer or a check or, you know, for -- or buy 23 cash from that person. So, I would have to 24 double check on those accounts. 25 Q I'm still not understanding it. So,</p>	<p style="text-align: right;">Page 154</p> <p>1 A Yes, ma'am. 2 Q Is the Binance account under your name? 3 A No, ma'am. 4 Q Is the Exodus account under your name? 5 A That one, it's -- no, ma'am. 6 Q What is that under? 7 A It's under -- it doesn't have -- I 8 think it's under the company name because it 9 doesn't specifically put a name on that account. 10 Q So -- 11 A All -- all four of them are company 12 accounts. Binance account was Mr. Eduardo's 13 account. 14 Q So, these are all company accounts, but 15 it sounds like two of them had your name on them 16 personally? 17 A Yes, ma'am. 18 Q And that's why you had to link it to 19 your personal account? 20 A Yes, ma'am. 21 Q Did you ever make transfers from the 22 business account to your personal account to pay 23 yourself commission? 24 A No, ma'am. 25 Q But you took commission, correct?</p>

Page 167

1 CryptoFX account.
 2 Q Where was -- where was that money put?
 3 A That was put into a -- an exchange, the
 4 Bitcoin exchange. Not -- because it was -- it
 5 was mostly cash payments that -- that we do.
 6 Q Okay. So, you just use their money and
 7 put it into an exchange?
 8 A Yes, ma'am.
 9 Q Okay. Walk me through the flow of
 10 money or how that worked. They would give you
 11 cash and you can't just put cash into an
 12 exchange. Tell me how that worked.
 13 A I would have to buy crypto through --
 14 through people or through the bank or through a
 15 BTM machine which is the -- the machines that
 16 I -- that are in gas stations now. They're in
 17 different hotels. Like, I would have to go buy
 18 Bitcoin there.
 19 Q Okay. So, the Cadence Bank account --
 20 business bank account for CryptoFX that you had,
 21 that money that was coming in was all student
 22 loan money. None of that was from the classes;
 23 is that right?
 24 A That is correct. Yes, ma'am.
 25 Q Okay. So, student money was segregated

Page 168

1 from the loan money; is that right?
 2 A Yes, ma'am.
 3 Q Okay. So, did you tell the students
 4 that did not give loans that you were using their
 5 money to buy Bitcoin?
 6 A Could you repeat that again?
 7 Q Sure. Did you tell the students that
 8 did not give loans that you were using their
 9 money to buy Bitcoin?
 10 A No, because that money that was for the
 11 company. That's not money that they were
 12 loaning. That was more like a profit for the
 13 company.
 14 Q Okay. Okay.
 15 A You understand? Like, that was profits
 16 for the company.
 17 Q Okay. I want to try and understand the
 18 intake of Bitcoin. You would get money as loans.
 19 And then you would go out and buy the Bitcoin,
 20 correct?
 21 A Yes, ma'am.
 22 Q Okay. What crypto wallet would you use
 23 to buy and trade the Bitcoin for the CryptoFX
 24 investors? Which -- which ones -- which one
 25 would you use primarily?

Page 169

1 A Bittrex and Exodus and -- and Binance.
 2 Q It was my understanding from your
 3 previous testimony that you did not have access
 4 Binance?
 5 A That was through my partner Eduardo
 6 did.
 7 Q Okay.
 8 A I'm so sorry, Ms. Harris, may I take a
 9 second? My battery is about to die on my laptop.
 10 Q Sure.
 11 A Can you -- it's about to die.
 12 Okay? Sorry, Mr. John is plugging it
 13 in.
 14 Okay, there we go. Perfect.
 15 Okay.
 16 Q Okay. So, you would use Binance,
 17 Exodus, Bittrex primarily and you would -- really
 18 wouldn't use Blockchain?
 19 A Blockchain it's harder to trade. You
 20 can't do trading on that particular -- it's more
 21 a wallet to receive and send -- yes, you can
 22 exchange it, but it's a little hard to exchange
 23 there -- to do trading there.
 24 Q For the Exodus -- I want to make sure I
 25 have this down. So, the Exodus wallet, which

Page 170

1 one -- which account is that linked to -- which
 2 bank account is that linked to?
 3 A No. That one it's a -- it's a wallet.
 4 You have to receive the Bitcoin there. And you
 5 have to -- that -- that one I can do trading
 6 though. That was not linked to -- to any bank.
 7 Q It was not linked to any account?
 8 A No, ma'am.
 9 Q Was the Bittrex linked to any account?
 10 A The Bittrex, yes. I would have to
 11 check as to what bank it was linked to.
 12 Q Was the Blockchain linked to any
 13 account?
 14 A I believe the Blockchain, yes, as well.
 15 Yes, ma'am. I would have to double check to
 16 which account.
 17 Q Okay. You mentioned other currencies.
 18 What other currencies were you trading in?
 19 A Can you repeat that? When you say
 20 currency, what do you mean.
 21 Q Sure. We've talked about Bitcoin
 22 trading. Were you trading in any other
 23 currencies?
 24 A Yes. What I would do is I do trading
 25 with Bitcoin. The main thing that I do is I put

Page 171

1 it in Bitcoin. Then from there I just traded
2 with other coins such as Cardona, SOP, you know,
3 Solana. They're different coins, that's what I
4 meant. I didn't mean different currencies, but I
5 meant different coins.

6 Q Okay. Are those -- the ones that
7 you've listed -- the ones you've listed, are
8 those it? Are their other ones?

9 A I do more, but I'm just giving you an
10 example.

11 Q Okay. Can you list all of the ones you
12 can think of?

13 A Sure. Cardona, Ripple, Dodogecoin,
14 Chief, Solana, Bit, Binance Coin. There's --
15 yeah, there's so many, but the majority that I
16 did trading with is the top ten which are the
17 more, I wouldn't say secure, but less riskier
18 coins. There's a Shane, Uniswap, Galla, you
19 know. Those are the ones that I do most of my
20 trading with.

21 Q Okay.

22 A But there's 4,000 coins.

23 Q Okay. You take in a loan. You buy the
24 Bitcoin on one of these four wallets. You then
25 have to pay out a return to the people who you

Page 172

1 owe money to; is that correct?

2 A Yes, ma'am.

3 Q How do you pay out these returns?

4 A Through Bitcoin. And some we did a
5 bank deposit.

6 Q Okay. So, let's take it step by step.
7 Through Bitcoin, when you would pay out through
8 Bitcoin you would pay out through Binance?

9 A No. Some through -- see, mostly with
10 Exodus and Blockchain. Some through Binance, but
11 it was not that many. It was mostly Exodus and
12 Blockchain.

13 Q Okay. So, when we pull the records for
14 Exodus and Blockchain we should see lots of
15 returns being paid out to the people that you --
16 that you took money from?

17 A Yes, ma'am.

18 Q Okay. Did you pay out returns in cash?

19 A A few. Not -- mostly Bitcoin and
20 deposits into bank accounts.

21 Q Okay. So, for the bank account
22 deposits, let's go to that, where would you pay
23 out these deposits from, what account?

24 A The -- the bank accounts of the -- of
25 the individual, the student.

Page 173

1 Q I didn't hear you, Mr. Chavez. That
2 might be my fault, but can you repeat?

3 A On the bank account of the -- that
4 particular student.

5 Q I understand, but where -- what account
6 would you pay from?

7 A Oh, what account would I pay from? It
8 was from the CryptoFX account, but then I would
9 also buy cashiers checks and deposit to their
10 accounts.

11 Q Okay.

12 A Money orders and things like that.

13 Q I'm sorry I interrupted you. Can you
14 repeat your answer?

15 A Yes. It was from the CryptoFX bank
16 account, but it was also from -- I'm sorry, it
17 was from money orders and cashiers checks that I
18 would buy. And I have records as well.

19 Q Okay. So, when we look at your records
20 we should see the investors getting these returns
21 in money orders, wire transfers and cashiers
22 checks from the CryptoFX account at Cadence; is
23 that right?

24 A Yes, ma'am.

25 Q Did you ever pay that from any other?

Page 174

1 A I don't have that information. I will
2 have to double check on that.

3 Q Do you not remember whether you paid
4 them through another account?

5 A No, because that particular side of
6 things, Eduardo was more involved with that. I
7 was more involved with the operations, like,
8 trading side in the crypto space.

9 Q Okay, but this is more -- this is more
10 about the returns.

11 Do you have records of how you were
12 paid -- of how you paid ever single investor?

13 A Yes, ma'am.

14 Q Okay. So, those are responsive to our
15 production -- or to our subpoena and we would
16 like to see those records.

17 Did you ever pay out people in cash?

18 A A few, yes, ma'am.

19 Q And you have records of when and how
20 that happened?

21 A Yes, ma'am.

22 Q Okay. Did you ever pay out people via
23 Zelle?

24 A No, ma'am. Not that I recall.

25 Q Okay. Did you ever pay out people via

<p style="text-align: right;">Page 175</p> <p>1 Venmo?</p> <p>2 A No, ma'am.</p> <p>3 Q Did you ever pay out people via</p> <p>4 Instacoin?</p> <p>5 A No, ma'am.</p> <p>6 Q Did you ever pay out people via PayPal?</p> <p>7 A No, ma'am.</p> <p>8 Q Did you are pay out people via Cash</p> <p>9 App?</p> <p>10 A No, ma'am.</p> <p>11 Q What about wire transfers?</p> <p>12 A I believe, yes, but I would have to go</p> <p>13 to the records and check that.</p> <p>14 Q Okay. So, to summarize, the way that</p> <p>15 you paid returns to your investors was via</p> <p>16 Bitcoin, on Exodus, Bittrex or Blockchain?</p> <p>17 A Binance -- I'm sorry?</p> <p>18 Q Or Binance. Or if you paid in cash it</p> <p>19 was through the CryptoFX Cadence account via a</p> <p>20 cashiers check or perhaps a wire transfer and</p> <p>21 sometimes cash; is that correct?</p> <p>22 A And money orders.</p> <p>23 Q And money orders?</p> <p>24 A Uh-huh.</p> <p>25 Q Can you think of any other way that you</p>	<p style="text-align: right;">Page 177</p> <p>1 \$1,000.00 -- a person that put \$1,000.00, that</p> <p>2 money was combined, but the \$1,000.00 person is</p> <p>3 not going to get it less because it's a</p> <p>4 percentage, you know. So, depending on the gains</p> <p>5 we distributed the percentage.</p> <p>6 Q Okay. So --</p> <p>7 A Hard to give you an exact number</p> <p>8 because there is not.</p> <p>9 Q Well, there are exact numbers, Mr.</p> <p>10 Chavez. And I want to understand how you</p> <p>11 determined which person got which return. Is it</p> <p>12 that if a person had a contract with you that</p> <p>13 lasted six months and a person that had a</p> <p>14 contract with you that also lasted that same six</p> <p>15 months and they -- and you had to pay out the</p> <p>16 return, you know, let's say on January 30th,</p> <p>17 would they just get the same return because they</p> <p>18 kind of -- because their -- their money was</p> <p>19 pooled together and was traded at the same time?</p> <p>20 A Yes, ma'am.</p> <p>21 Q Okay. So, you did not individually</p> <p>22 track each investor's money? You pooled it</p> <p>23 together?</p> <p>24 A It's really difficult when -- yeah. No.</p> <p>25 Yes, ma'am. It's hard to do it like that.</p>
<p style="text-align: right;">Page 176</p> <p>1 paid out the returns?</p> <p>2 A No, ma'am.</p> <p>3 Q Okay. Okay. Here's what I want to</p> <p>4 understand about the trading, you would take in</p> <p>5 these loans and you would trade on behalf of the</p> <p>6 person who loaned you the money on one of these</p> <p>7 four accounts. Did you pool the loan money and</p> <p>8 then trade for all the people that gave you loans</p> <p>9 at one time?</p> <p>10 A Yes, but in -- through different</p> <p>11 exchange could be, but the answer to your</p> <p>12 question, yes.</p> <p>13 Q Sure. So, to clarify, if person X gave</p> <p>14 you \$100.00 and person Y gave you \$200.00, you in</p> <p>15 theory could pool it for \$300.00 and trade that</p> <p>16 \$300.00 on the Exodus exchange?</p> <p>17 A Yes, ma'am.</p> <p>18 Q Okay. How then would you determine how</p> <p>19 to pay out the returns for person X and person Y?</p> <p>20 A Depending on the -- on the profits that</p> <p>21 we made, depending on the -- on the -- like, for</p> <p>22 instance, just to give you an example. Let's say</p> <p>23 we made 10 -- 10 percent or 15 percent, depending</p> <p>24 on the -- on the gains that were paying, that's</p> <p>25 when we distribute -- a person who put</p>	<p style="text-align: right;">Page 178</p> <p>1 Q Right. Because if you were to trade --</p> <p>2 if you were to track each investor's account you</p> <p>3 would theoretically have to -- have to open up</p> <p>4 thousands of wallets, right?</p> <p>5 A It would be impossible.</p> <p>6 Q Right.</p> <p>7 A Yes.</p> <p>8 Q So, you didn't promise any returns and</p> <p>9 their returns would mostly be based on when their</p> <p>10 contract ended, correct?</p> <p>11 A Could you repeat that again? I'm</p> <p>12 sorry, Ms. Harris.</p> <p>13 Q Sure. You previously testified that</p> <p>14 you would not give greater returns to people that</p> <p>15 had greater investments; is that right?</p> <p>16 A That is correct.</p> <p>17 Q Okay. So, how would you determine what</p> <p>18 return they got? Was it just the pool of money</p> <p>19 that their investment was sitting in on the day</p> <p>20 that their contract ended?</p> <p>21 A Yes, ma'am.</p> <p>22 Q Okay. So, for example, if I gave you</p> <p>23 \$100.00 and my contract was up a month later and</p> <p>24 the market was up, then I would get the same</p> <p>25 return as everyone else who's contracted ended</p>

Page 179

1 that day, right?

2 A As far as percentage-wise, yes.

3 Q Okay.

4 A Because -- because, like, if you

5 understand what I meant as far as

6 percentage-wise, yeah?

7 Q Explain.

8 A For instance, you came and put in

9 \$100.00, but the other person put in \$1,000.00, I

10 cannot give you 100 -- like, \$10.00 and the other

11 person \$10.00 because the other person had more

12 money, you know.

13 Q Correct. So, the percentages would be

14 based on when the draw was basically?

15 A Yeah. That is correct. Yes, ma'am.

16 Q Okay. So, similarly, if I gave you

17 \$100.00 in May and in one month my contract was

18 up in June and the market's down, I might not get

19 any return, correct?

20 A Correct. Yes, ma'am.

21 Q Okay. And that same -- and that other

22 person who invested \$1,000.00 also wouldn't get

23 any returns; is that right?

24 A Correct. Yeah.

25 Q Okay. Even if you did not make a

Page 180

1 return on a specific investor's money were your

2 referral fees always paid?

3 A Yes, ma'am.

4 Q Okay. Because those referral fees were

5 paid within one to two weeks after the contract

6 was signed, correct?

7 A Two weeks, yeah.

8 Q Okay.

9 A At least two weeks.

10 Q Okay. Did you ever trade in Ethereum?

11 A Yes, ma'am.

12 Q Okay. Did you trade on the same

13 exchanges that we spoke about before?

14 A Yes, ma'am.

15 Q Okay. Approximately how much money did

16 you raise with CryptoFX?

17 A I would have to check my records,

18 ma'am. I would have to get back with you on

19 that, ma'am.

20 Q But you do have records that would show

21 this number?

22 A Yes, ma'am.

23 Q Okay. And were you responsible for

24 kind of keeping track of all the revenue?

25 A A lot of that Eduardo had more to do

Page 181

1 with. He was more the office manager. And I was

2 more on the trading side of that things, but I

3 can definitely check for you on that.

4 Q Do you have any guesstimates?

5 A I don't want to guess. I don't want to

6 be on the spot.

7 Q Okay. Do you know approximately how

8 much money you've made in commissions?

9 A You mean in profits?

10 Q No. In your personal commissions which

11 we talked about before.

12 A You're talking about my personal

13 commission, yes?

14 Q Yes.

15 A Okay. Individually? I would say --

16 you're talking about from CryptoFX, correct, or

17 from the trading itself?

18 Q Yes.

19 A Okay. From CryptoFX. I would have to

20 double check on that. I would say close to \$1

21 million.

22 Q Okay. Do you know how much you paid

23 out in referral fees?

24 A No. That's a number that I would have

25 to check.

Page 182

1 Q Okay. Do you know how much you have

2 made in bonus?

3 A No, ma'am. I would have to double

4 check on that.

5 Q Okay. You previously talked about

6 CryptoFX and how it was the real estate arm of

7 your business.

8 A You mean CBT Group, correct?

9 Q CBT Group, excuse me, yes. I'm sorry.

10 There's a lot of Cs. Let me clean up the record

11 there.

12 CBT Group was the real estate arm,

13 correct?

14 A Yes, ma'am.

15 Q Okay. How much money did CBT Group

16 raise?

17 A I would have to check. I don't have

18 that exact number.

19 Q Okay. Were you collecting commissions

20 from CBT Group?

21 A No, ma'am.

22 Q Okay. Were you collecting any salary

23 for CBT Group?

24 A No, ma'am.

25 Q Any bonuses?

Page 183

1 A None. Not yet.
 2 Q Do you know approximately how many
 3 investors you have in CBT Group?
 4 A No, ma'am. I don't have that
 5 information.
 6 Q Would you say it's above ten?
 7 A I would say below ten.
 8 Q I'm sorry, can you repeat that, Mr.
 9 Chavez?
 10 A I don't -- I don't -- I don't have an
 11 exact number. I would have to double check. I
 12 don't -- I would have to double check on that.
 13 Q Okay. And what real estate is CBT
 14 currently invested in?
 15 A We're still negotiating a property --
 16 property that we -- that we still in -- into
 17 closing. I will have to get you a better answer
 18 once I review it.
 19 Q Where are those properties?
 20 A In Houston -- Houston area.
 21 Q And for the CBT Group investors, you
 22 said that they paid you -- or let me ask the
 23 question. For CBT Group investors, how did they
 24 pay you?
 25 A Check.

Page 184

1 Q Where did these -- where were these
 2 checks deposited?
 3 A In Cadence and Lone Star.
 4 Q Are those the only places that these
 5 checks were deposited?
 6 A Yes, ma'am. That I recall, yes, ma'am.
 7 Q Do you have an account at Spirit of
 8 Texas?
 9 A That is a -- that is a CBT account.
 10 That is correct.
 11 Q Were the checks deposited in that
 12 account?
 13 A Not that I know, no. I would have to
 14 double check, but not that I know of.
 15 Q Do you have a CryptoFX account at the
 16 Spirit of Texas Bank?
 17 A No, ma'am.
 18 Q What is Maurizzio Group?
 19 A That was a real estate marketing
 20 company that I was creating as well, but that
 21 was -- I don't know if it was before CryptoFX or
 22 after. I would have to double check, but it was
 23 more like a marketing.
 24 Q I believe you previously testified that
 25 this company that -- scratch that.

Page 185

1 Did Maurizzio Group ever take any
 2 investor money?
 3 A No. No, ma'am. Not that I recall. I
 4 would have to double check on that.
 5 Q But if it did, you would have the
 6 records, right?
 7 A Correct. Yes, ma'am.
 8 Q And Maurizzio Group is a real estate
 9 marketing group; is that right?
 10 A Yes, ma'am.
 11 Q Can you give some more detail on that?
 12 A Yes. Well, pretty much the goal of it
 13 is to find -- to connect the builders with the
 14 end purchasers, clients. We do the marketing
 15 aspects.
 16 Q Does it have any relation to CryptoFX
 17 or CBT?
 18 A No, ma'am. Sorry for interrupting you.
 19 Q Okay. And you have not paid out any
 20 returns or anything from Maurizzio Group?
 21 A No. No, ma'am.
 22 Q Okay. You talked about earlier your
 23 wins and your losses. Am I correct in stating
 24 that you previously testified that you did lose
 25 some of the investor money; is that right?

Page 186

1 A That was when I first started. When I
 2 was first starting I did lose money and then --
 3 like I said, then I regained. And -- but that's
 4 how the markets are sometimes. You enter into
 5 business, sometimes your wins are bigger, but,
 6 yes, ma'am, I told you that.
 7 Q Okay. Do you know how much money you
 8 lost?
 9 A I would say, like, three percent.
 10 Q How much money does that translate to?
 11 A I would have to check the numbers and
 12 give you an exact amount, but just -- just to
 13 give you an example, maybe \$100,000.00, three
 14 percent, you know, just \$3,000.00, just so you
 15 can get an idea. It was nothing to affect the
 16 company, so.
 17 Q Was there ever a time where you were
 18 not able to give a person who you loaned -- who
 19 loaned you money a return?
 20 A No, ma'am.
 21 Q Okay. But you did have some losses in
 22 investing in cryptocurrency, right?
 23 A Yes, but since the gains have been
 24 higher than the -- than the losses, that's
 25 probably we've been able to never refund anybody.

Page 187

1 Q Okay. And I understand that it is
 2 cyclical, but let me ask you this, did you ever
 3 pay one of your investors with new investor
 4 money?
 5 A No, ma'am.
 6 Q Okay. So, every time that you paid an
 7 investor it was from the profits of your trading?
 8 A Yes, ma'am.
 9 Q Okay. So, when you previously
 10 testified that you lost some investor money, what
 11 did you mean?
 12 A I meant at that particular trades I
 13 lost to the market. I mean, for instance, if I
 14 put in, let's say, \$100,000.00, I lost 30,000 or
 15 3,000 just to give you an example.
 16 Q But if you're trading with investor
 17 money and it's pooled together, and you are
 18 coming out with less than you put in, how are you
 19 able to make every single investor hole?
 20 A Because that's why I don't put
 21 everything in one exchange. That's why I have
 22 different exchanges. Because one exchange -- if
 23 I did everything at once it's too risky. You
 24 can't. I don't -- I don't do risky trades.
 25 Q Okay. So, you pooled together the

Page 188

1 investor money and you put a certain percentage
 2 in one exchange, a certain percentage in another
 3 exchange and a certain percentage in another
 4 exchange, correct?
 5 A That is correct.
 6 Q What if everything is down?
 7 A Okay. The way I operate, I do three
 8 different exchanges. One which I do more on a
 9 daily basis. The second one which I do on, like,
 10 every two weeks basis. And the other one was
 11 just long-term because of this situation when the
 12 market is down, the other way I protect myself is
 13 I put the crypto itself in USDT in the
 14 Stablecoin. The Stablecoin, even though the
 15 market going down or up, it doesn't matter. If I
 16 had -- let's say I had \$1 million, but if I had
 17 idea that the market was somehow going to drop, I
 18 will put into the Stablecoin and that Stablecoin,
 19 even though the market goes down, it cannot go
 20 lower than what I put in the Stablecoin. That's
 21 how I protect myself.
 22 Q Okay. Were you ever in a situation
 23 where you've had to defer a return until later
 24 because you didn't have the money to cover what
 25 you owed out to your investors?

Page 189

1 A No, ma'am.
 2 Q Okay. So, you always paid your
 3 investors a return in a timely amount?
 4 A Yes, ma'am.
 5 Q Okay. So, you didn't ever have any,
 6 you know, complaints from investors?
 7 A Not that I recall. Not that I can
 8 remember.
 9 Q I mean, you had thousands of investors
 10 and you never had any complaints regarding --
 11 A Oh. I'm sorry, go ahead. Go ahead.
 12 Q Go ahead, Mr. Chavez. Go ahead.
 13 A No. What I mean is some people of
 14 course when they call they want you to answer the
 15 phone, like, right away, you know. And you get
 16 complaints like that. Of course we had things
 17 happen. Not that we never -- we always paid
 18 our -- the people that lend -- lend us the money.
 19 Q Okay.
 20 A We always pay.
 21 Q Okay. So, you never had to tell your
 22 investors, it's going to take, you know, another
 23 month, another month, another month to get you
 24 your money back?
 25 A Never.

Page 190

1 Q Okay. And I want to be just very, very
 2 clear on that. You were always paying your
 3 investors with money from your -- with profits
 4 from the actual trades; is that right?
 5 A Yes, ma'am.
 6 Q It was not that you were, you know, not
 7 doing well in the Bitcoin market and, therefore,
 8 you had to solicit new investors to cover your
 9 losses?
 10 A No, ma'am. No. No.
 11 Q Never?
 12 A Never.
 13 Q Okay. Okay.
 14 MS. HARRIS: Let's go to Exhibit 17,
 15 please, Jamie.
 16 Q And I'll just flag for you, Mr. Chavez,
 17 this is a pretty long exhibit. We're going to be
 18 here for a while.
 19 A Okay.
 20 Q So, just looking at this first page,
 21 can you explain what this is?
 22 Let me ask a better question. Do you
 23 recognize this?
 24 A Yeah. That is a WhatsApp -- one of our
 25 WhatsApp group.

Page 191

1 Q Okay. And it seems like if you go to
2 the, kind of, bottom third that two people are
3 speaking back and forth, Gio CFX and M Group.
4 Who is GIO CFX?
5 A That -- I think that's Georgio.
6 Q Okay. And who is M Group?
7 A M Group is -- is me.
8 Q And now we're having a little bit of
9 technical difficulties. Jamie is going to get
10 this back up for you.
11 A Okay. Georgio is Gio, Georgio, and M
12 Group is me, Mauricio.
13 Q Great, okay. So, we received a couple
14 of transcripts like this in your production. Is
15 WhatsApp the primary way you communicated with
16 the people who you gave loans to?
17 A That's why we have the groups, yes,
18 ma'am.
19 Q Okay. So, WhatsApp is the way you
20 communicated to investors, correct?
21 A Yes, ma'am.
22 Q Okay. And WhatsApp is also the way you
23 communicated to other employees, correct?
24 A Yes. Yes, ma'am. Employees, texts as
25 well.

Page 192

1 Q Okay. Okay. Do you have those text
2 messages to employees?
3 A I wouldn't -- yes, I do.
4 Q Do you -- do you have any additional
5 transcripts in your possession that you have not
6 turned over to us?
7 A Not that I know, but I would have to
8 get with my lawyer and see what -- what other
9 documents we can send out to you.
10 Q Yeah, okay. I'm just asking if there
11 are any other additional web chats that you
12 haven't given to your lawyer to give to us. If
13 so, they're -- they're responsive to the
14 subpoena.
15 A Okay.
16 Q Yeah. So, you said that Gio -- that M
17 Group was you and Gio CFX is Gio, what was his
18 last name?
19 A Georgio Benvenuto.
20 Q Georgio Benvenuto. Who is Georgio
21 Benvenuto?
22 A He's the other person that I told you
23 for the CBT account.
24 Q Okay. Is he an employee of CryptoFX?
25 A No, ma'am.

Page 193

1 Q He is just an employee of CBT?
2 A Yes, ma'am.
3 Q Is he an employee of the Mauricio
4 Group?
5 A No, ma'am.
6 Q Okay. One technical question here, it
7 says throughout this transcript that certain
8 audio has been omitted, audio has been deleted.
9 Can I assume that is when you are sending each
10 other voice messages?
11 A Yes. When I -- when I -- when I send
12 the information the problem is like when you
13 send -- you know, as the audios, it will take a
14 day to a couple of days to transfer everything.
15 So, when I was sending it to my attorney, I
16 send -- when I forward that -- that WhatsApp chat
17 I did it without the audio and without the -- so
18 it wouldn't be too heavy. The file wouldn't be
19 too heavy. That's the reason why it says audio
20 omitted.
21 Q So, you do still have in your
22 possession these audio messages that are
23 reflected here?
24 A Yes, ma'am.
25 Q Now, these are responsive to the

Page 194

1 subpoena. We should try and find a way to get
2 those to us, but let's move on for right now.
3 What was Georgio's role at CBT?
4 A The -- he's the one of the managers.
5 Q Okay. And he played no role in
6 CryptoFX; is that right?
7 A No, ma'am.
8 Q No that's not right or --
9 A No. No. No, he doesn't -- he doesn't
10 play a role. No, ma'am.
11 Q Okay.
12 MS. HARRIS: Let's go to page ending in
13 699. I think it's the third page down. We
14 there?
15 Q You can kind of take some time to read
16 through this.
17 A Uh-huh.
18 (Whereupon, witness reviews Exhibit.)
19 A Yes, ma'am.
20 Q Okay. And then --
21 MS. HARRIS: And I'm sorry, Jamie, I'm
22 going to ask you to go down -- hang on. I
23 apologize. It's actually on the next page ending
24 in 700. I apologize, that's my fault.
25 Q So, we are on page CFX 081700 and we

Page 195

1 are at the bottom third. It's a message that Gio
2 CFX sends to you at 10:56 a.m. Do you see that?

3 So, I'm going to read it into the
4 record. He says, Good Morning, Brother. Just a
5 friendly reminder that I am bringing Gabriel
6 Torres to you tomorrow at 11 a.m. Please carve
7 out a little time to spend with me and Gabriel to
8 get him comfortable with the idea of investing
9 with CryptoFX. I have him 90 percent there
10 already. He's committing 10K.

11 A Okay. So, what Gio is saying that he's
12 going to refer Gabriel to the academy.

13 Q Okay. So, Gabriel is giving -- giving
14 one of the loans of \$10,000.00; is that right?

15 A That is correct, yes, ma'am.

16 Q And Gio is presumably being paid a
17 referral fee?

18 A That is correct. Yes, ma'am.

19 Q Okay. Did Gio generally -- did Gio
20 regularly go out and find investors for CryptoFX?

21 A Not -- not -- not really. No, ma'am.

22 Q Okay. Okay.

23 MS. HARRIS: Let's go to four pages
24 down at 704.

25 Q And once again, we're at the bottom of

Page 196

1 the page and starting at around 2:56. Basically,
2 you guys are talking about Gabriel's checks. And
3 I'm assuming that's Gabriel Torres, correct?

4 A Could you highlight? I'm sorry.

5 Q Yeah. At the very bottom starting at
6 2:56 where Gio says, I just need to know about
7 Gabriel's checks. He says, The funds are still
8 in his account. Is everything okay?

9 A Oh, okay. What happened was when
10 Gabriel gave me the check to come in to do the
11 loan, I had not deposited the check. That's why
12 he was saying that.

13 Q Okay. What do you mean when you
14 respond, Not yet because I'm trying to lower my
15 account first? What does that mean?

16 A I don't recall. I will have to double
17 check that.

18 Q Okay. I don't want you to speculate.

19 A I don't want to speculate.

20 Q Yeah. If you don't remember, you don't
21 remember.

22 MS. HARRIS: Let's go to page 716. This
23 will be the Bates label ending in 716, I
24 apologize.

25 Q So, we are at the top third of the

Page 197

1 page. This is a message that Gio sent to you on
2 December 2nd, 2020 at 2:02. And he's making a
3 list. He says, E-mail me the CryptoFX, LLC
4 documents. Transfer at least 10K into the CBT
5 account by Friday.

6 And I'll give you some time to kind of
7 read the entire thing, but my question to you is,
8 why did he have access to the CryptoFX, LLC
9 documents? Why did he want those?

10 A I don't -- I don't -- I have to -- I
11 need more time to -- I don't know why.

12 Q Okay. You had previously -- oh, go
13 ahead, Mr. Chavez.

14 A No. I don't know. I mean, I know what
15 the 10K was for, but talking about the
16 cryptocurrency document, I don't know.

17 Q If you don't remember, you don't
18 remember, that's fine. I'll move on --

19 A The 10K was because of architecture
20 fee. That's what, you know, the 10K.

21 Q Okay.

22 A But I don't remember that document.

23 Q Where were you going to transfer the
24 10K from?

25 A I don't want to give you miss --

Page 198

1 misinformation. I don't -- I'd have to double
2 check on that, ma'am.

3 Q Okay. So, it would have been one of
4 the accounts that you had access to; is that
5 correct?

6 A Correct. Yes, ma'am.

7 Q Is that -- is it possible that it would
8 have been from your personal account?

9 A Yes, it is -- it's possible.

10 Q Is it possible that it would have been
11 from the CryptoFX business account?

12 A No, ma'am.

13 Q Okay. So, if I -- if I were to look at
14 the records I wouldn't see a transfer of
15 \$10,000.00 around this time from any of the
16 CryptoFX money?

17 A Correct.

18 Q Okay. So, it's possible that it could
19 have come from a personal account. Where else
20 would it have come from?

21 A From the personal account. It would
22 have to have come from the personal account.

23 Q Okay.

24 MS. HARRIS: Let's go to the page
25 ending in 735.

Page 199

1 Q So, starting at March 29th, 2021 at
2 4:30 Gio is discussing, Our attorney has just
3 reminded me that he has yet to receive your
4 personal taxes for last year. We have passed our
5 deadline and I have asked for extension. 1.7
6 million needs to be put into the CDT account on
7 April 7th. Do you see that?

8 A Yes, ma'am.

9 Q Okay. Without telling me what you
10 discussed with any attorney, do you know what
11 attorney Mr. -- or Georgio is referencing?

12 A No, ma'am.

13 Q So, you -- you don't know what attorney
14 he's talking about? It says, Our attorney.

15 A But he's the one that managed that. I
16 don't have that information, ma'am.

17 Q Okay. So, you don't know who CBT's
18 attorney was?

19 A No, ma'am.

20 Q Okay. And where would this \$1.7
21 million come from?

22 A Through the people that would loan for
23 the CBT account.

24 Q Can you repeat your answer, Mr. Chavez?
25 I didn't quite understand it.

Page 200

1 A From -- from the people that would loan
2 for the CBT Group. For the people that was doing
3 the loans for the CBT.

4 Q Okay. So, why did -- I'm trying to see
5 if this is -- I'm trying to understand the
6 construction of this message here.

7 Why did \$1.7 million need to be -- I'm
8 assuming that means CBT account by April 7th, why
9 was that?

10 A Because we were looking into purchasing
11 a land to build apartment complex.

12 Q Okay. So, I'll represent to you that
13 throughout this Webex -- excuse me, WhatsApp
14 conversation you guys talk about this million
15 dollars -- \$1.7 million several times. Where
16 were you getting this money?

17 A From people that would loan the money.

18 Q Okay. So -- so, from investors?

19 A Different -- different people that
20 would loan the money for -- for the loans for us
21 to -- to do the development.

22 Q Okay. Did you ever get this money?

23 A No, ma'am.

24 Q And is that because you couldn't find
25 additional investors to give you money?

Page 201

1 A I didn't. It was because I didn't
2 promote to do it, if I understood me. Because if
3 I would pay out people from that, you know,
4 whatever we did, then I would -- I would have got
5 it.

6 Q Okay. So, my understanding was you're
7 saying it's because you didn't really promote CBT
8 you were not able to get this money in order to
9 make the real estate development purchase that
10 you wanted, right?

11 A Correct.

12 Q Okay. I know you previously testified
13 that you don't know how many investors CBT has,
14 but do you have records where we could find out?

15 A I can definitely look into that, yes,
16 ma'am.

17 Q And have you -- perhaps you answered
18 this. Forgive me if you have. You've never
19 taken a salary from CBT; is that correct?

20 A No, ma'am.

21 Q Okay. And your primary source of
22 income is from CryptoFX; is that correct?

23 A That is correct.

24 Q Okay. So, since you had not purchased
25 any real estate through CBT as of yet, where

Page 202

1 has -- where is the investor money sitting right
2 now?

3 A In the account.

4 Q In the account, okay. Has any -- has
5 any money been taken out of it?

6 A Not investors money, no, ma'am.

7 Q Okay. I mean, do you guys have any
8 overhead or anything that you're using where
9 you're spending investor money?

10 A Gio he has some salary.

11 Q How much is his salary?

12 A I believe it's 2,500 a week maybe.

13 Q Is his salary disclosed to investors?

14 A No, ma'am.

15 Q And you previously testified that you
16 don't remember whether or not these investors
17 with CBT Group have contracts, correct?

18 A Correct. Yes, ma'am.

19 Q Were you the primary person
20 communicating with the CBT Group investors?

21 A Myself and Eduardo.

22 Q How did you communicate with them?

23 A Face-to-face.

24 Q Face-to-face, okay. When they would --
25 well, any e-mails?

<p style="text-align: right;">Page 203</p> <p>1 A No, ma'am.</p> <p>2 Q Text messages?</p> <p>3 A No, ma'am.</p> <p>4 Q Okay. And there are no promotional</p> <p>5 materials for CBT Group; is that correct?</p> <p>6 A No, ma'am.</p> <p>7 MS. HARRIS: Let's go to page ending in</p> <p>8 Bates label 751, please.</p> <p>9 Q Right in the middle Mr. -- or</p> <p>10 Georgio -- I'm sorry, what is his name again?</p> <p>11 A Georgio.</p> <p>12 Q Georgio, correct. Okay, Georgio gives</p> <p>13 you a link to www.McNamaraGroup. And then he</p> <p>14 states, I'm trying to set up a Zoom call or</p> <p>15 possibly a conference call with Rhory McNamara at</p> <p>16 McNamara Corporate Services, Inc. based in St.</p> <p>17 Lucia to set up your offshore account. Checkout</p> <p>18 his website.</p> <p>19 Later, further down there's audio</p> <p>20 omitted. He also says, Brother, I will be at the</p> <p>21 office in the morning for a Zoom call with St.</p> <p>22 Lucia and offshore account. I will be headed to</p> <p>23 Magnolia for Spirit of Texas Bank business. If</p> <p>24 you have more checks for me, please give them so</p> <p>25 I can deposit them into the CBT account. See you</p>	<p style="text-align: right;">Page 205</p> <p>1 checks you are sitting on. Then he says, Money</p> <p>2 in checks, correcting himself from the previous</p> <p>3 message. And you respond, Morning Bro, like a</p> <p>4 million. A lot under the Maurizzio Group.</p> <p>5 Explain that back and forth to me a little bit.</p> <p>6 Take your time.</p> <p>7 A I believe we were still trying to -- to</p> <p>8 purchase that land and -- but, like I said, we</p> <p>9 never -- we never purchase it. So, that's why he</p> <p>10 wanted to know how much money I had.</p> <p>11 Q You state under -- you state in</p> <p>12 response to him, A lot under Maurizzio Group, but</p> <p>13 you previously testified that Maurizzio Group did</p> <p>14 not really take investors. So, help me</p> <p>15 understand that.</p> <p>16 A No, Maurizzio doesn't -- does not take</p> <p>17 investors for -- for any real estate at all.</p> <p>18 Q So, how do you have \$1 million under</p> <p>19 the Maurizzio Group?</p> <p>20 A I would have to go into the -- those</p> <p>21 bank records and -- and check. I don't --</p> <p>22 Q Okay. Is it -- go ahead.</p> <p>23 A No, go ahead. Go ahead, ma'am.</p> <p>24 Q Well, my question is, is it based on</p> <p>25 Maurizzio Group's operations?</p>
<p style="text-align: right;">Page 204</p> <p>1 this morning.</p> <p>2 So, let me ask you first, do you have</p> <p>3 an offshore account in St. Lucia?</p> <p>4 A No, ma'am.</p> <p>5 Q Were you attempting to set up one in</p> <p>6 St. Lucia?</p> <p>7 A I was, but I never did.</p> <p>8 Q Okay. What was the purpose of that?</p> <p>9 A I wanted -- wanted to have an offshore</p> <p>10 account to establish a -- a business outside the</p> <p>11 U.S.</p> <p>12 Q What was going to be that business?</p> <p>13 A Pretty much it was going to be the same</p> <p>14 real estate development business.</p> <p>15 Q Where?</p> <p>16 A In El Salvador.</p> <p>17 Q But this account has never been set up,</p> <p>18 correct?</p> <p>19 A No, ma'am, never.</p> <p>20 Q Okay. Do you have any accounts with</p> <p>21 the McNamara Group?</p> <p>22 A No, ma'am.</p> <p>23 Q Okay. On the next page, if we could go</p> <p>24 down there, right in the middle Georgio says,</p> <p>25 Give me a ballpark figure on how much money and</p>	<p style="text-align: right;">Page 206</p> <p>1 A Yes, but I would have to go into the</p> <p>2 statements and -- and really check to see what --</p> <p>3 what those were.</p> <p>4 Q Right. So, at some point you</p> <p>5 represented you have like a million under the</p> <p>6 Maurizzio Group. And that is based on the</p> <p>7 Maurizzio Group's profits, correct?</p> <p>8 A Correct.</p> <p>9 Q So, these are not student funds or</p> <p>10 investor money that you directed to the Maurizzio</p> <p>11 Group, but it's really money from CryptoFX; is</p> <p>12 that right?</p> <p>13 A Could you rephrase that question?</p> <p>14 Q Sure. So, when you previously talked</p> <p>15 about Maurizzio Group it sounded like it was</p> <p>16 something that you were just starting. And I</p> <p>17 want to understand how you have \$1 million in the</p> <p>18 bank for Maurizzio Group. Is it from the</p> <p>19 operations?</p> <p>20 A Yes, ma'am.</p> <p>21 Q Okay. So, based on your real estate</p> <p>22 marketing you had already made \$1 million?</p> <p>23 A That is -- that is correct, but I will</p> <p>24 have to check the statements to see where those</p> <p>25 came -- what I got to give you a better answer on</p>

Page 207

1 that.

2 Q Okay. So, I mean, tell me a little bit
3 more about this real estate marketing. Is it --
4 do you have certain clients? You know, kind of,
5 how were you guys making money?

6 A Yes. This through -- well, pretty much
7 it's -- the Maurizzio Group is more like a --
8 like a marketing firm as far as development --
9 connecting development companies with customers.

10 And -- and the Maurizzio Group, that's when --
11 Maurizzio Group I think -- I believe I opened
12 before CBT Group, but I decided to continue with
13 CBT Group, not Maurizzio Group. But like I said,
14 I would have to check the records on that to give
15 you a better answer on that.

16 Q Yeah. I'd like to understand because
17 it seems like -- like Maurizzio Group -- I want
18 to understand a little bit more about the --
19 about the operations. So, walk me through, like,
20 who were your biggest clients, what were you
21 doing, you know. Tell -- tell me what you were
22 doing.

23 A Yeah, I can -- I can definitely get
24 that information to you. I don't have that
25 part -- the \$1 million, I don't have that

Page 208

1 information.

2 Q I'm less interested in the \$1 million.
3 I'm now more interested in the Maurizzio Group
4 what the operations were. Please tell me.

5 A That -- that was like marketing, but at
6 the beginning it was like a -- like I said, it --
7 it was more like a CBT. Instead of doing it at
8 Maurizzio Group, I started doing the development
9 through Mauricio -- I mean, instead of doing it
10 through Maurizzio Group, I started doing it
11 through CBT Group, the development side of the
12 real estate.

13 Q I still don't understand. Is it your
14 testimony today that you did real estate
15 development through the Maurizzio Group?

16 A That's what I was starting, but I
17 decided to do it through CBT Group.

18 Q Okay. And so, Maurizzio Group has \$1
19 million because you did a real estate development
20 with them?

21 A No. That was -- the Maurizzio Group
22 money, that was my money. That was not money
23 from investors.

24 Q But you said you did real estate
25 development with Maurizzio Group, right?

Page 209

1 A That is correct. That's what I was
2 starting through Maurizzio Group, but then
3 because of the experience that Georgio had and
4 Gabriel had, that's why I decided to do it
5 through CBT Group.

6 Q But at no point did Maurizzio Group
7 take investors?

8 A No, ma'am.

9 Q So, where are you getting this capital?

10 A That's what I would have to check
11 the -- the statements, but most of that was my
12 money.

13 Q Okay. Okay. So, \$1 million is a
14 significant amount of money. You're saying that
15 you didn't ever get it from investors because
16 Maurizzio Group never really got off the ground,
17 right?

18 A Correct.

19 Q And Maurizzio Group never took any
20 investors, right?

21 A Correct.

22 Q And most of it is your money, right?

23 A Yes, ma'am.

24 Q But not all of it is your money, right?

25 A Not -- that's why I have to check the

Page 210

1 statement. But a lot of it -- a lot of it --

2 most of it -- the majority of it is my earnings
3 from the -- my crypto portfolio personally as
4 well.

5 Q Okay. So, in the Maurizzio Group
6 you're housing money that you earned in
7 commissions and bonus from CryptoFX; is that
8 correct?

9 A And my personal portfolio.

10 Q And your personal portfolio?

11 A Yes, ma'am.

12 Q Okay. And you put it in the Maurizzio
13 Group entity. And you were going to take this
14 money use it to develop real estate, but then you
15 met Gabriel and Georgio and then you created CBT,
16 right?

17 A Correct. The -- the vision that I had
18 for Maurizzio Group I -- because of the
19 experience that they had, I wanted to do it with
20 the CBT Group.

21 Q Okay. I think I understand. I might
22 come back to that one.

23 MS. HARRIS: Let's go to the page
24 ending in 758.

25 Q So, kind of starting at the top of the

Page 211

1 page it looks like you might have copied and
2 pasted someone else's text message because they
3 are referring to you and you're not talking in
4 the third person I assume. So, help me
5 understand what's going on here.

6 There is a message at the very top on
7 June 28th, 2021 at 7:13 p.m. from you. And it
8 says -- starts with, Yeah, I got \$5,000.00 in
9 cryptos and that went down literally more than
10 half too. And then it continues, And 5K is
11 nothing compared to all the tears and sweat that
12 I dedicated to you and your company for years,
13 Mauricio. So, don't tell me that's a lot of
14 money. Seven long years of supposedly brothers,
15 slash, business partners. The company keeps
16 growing from seeds that we all planted, us three,
17 but you know where I stand, Mauricio. You know
18 well know what I did for the company and what I
19 sacrificed too. You all know my work, Mauricio,
20 and that's now in the office is completely
21 different culture.

22 I know I was an important piece. So
23 now many people keep looking for me from your
24 company to work with me, but I decline every
25 single one of them. I don't need a company of my

Page 212

1 own, just so you know. I'm good by myself. All
2 of your leaders keep trying to hit me up, man.
3 That's how you know no one is loyal to you, but
4 yourself.

5 And then in a separate message, all
6 caps, And you don't have to reply. I know you
7 know where I stand at -- in the company and you
8 know what work what I did. Only when I went to
9 Chicago that same week one million came in,
10 Mauricio. I know who I am and what I am and I'm
11 worth a lot more than 500K. We will talk soon.
12 God bless to you and your family always.

13 Can you explain who that is from?

14 A That is from one of the persons that
15 started with us as well, but he -- he was not --
16 not a partner. I don't know why he said that
17 because Eduardo and I are the ones that started
18 the company.

19 Q What's his name?

20 A His name is Gustavo.

21 Q Last name?

22 A Gomez.

23 Q Do you have his contact information?

24 A Yes, ma'am.

25 Q Could you provide that to us?

Page 213

1 A I can. Through my attorney I
2 definitely will.

3 Q Okay. Was he ever an employee?

4 A Yes, ma'am.

5 Q What did he do?

6 A He helped people with the crypto
7 wallets, these people, with different cryptos as
8 well.

9 Q So, he traded on behalf of your
10 investors and he taught people; is that right?

11 A Mostly. He -- he -- no, he didn't do
12 trading. He mostly did teaching.

13 Q And based off his teaching he got
14 \$500,000.00?

15 A That -- that's the portfolio that I had
16 given him to do trading -- to hold and do
17 trading, but I guess the portfolio that he -- he
18 decided not to give to me.

19 Q So, you did give him investor money to
20 trade; is that right?

21 A Yes. Yes, ma'am. Yes, ma'am.

22 Q Okay. So, let me go back to my
23 previous question. I'd like you to answer it.

24 Is it correct that he both taught and
25 did trading on behalf of your investors?

Page 214

1 A Yes. With the -- with the portfolio,
2 yes, ma'am.

3 Q Okay. Give me a little bit of context
4 around this message. Why is he upset?

5 A That's more on a personal level, ma'am.

6 Q Okay. Okay. And I understand -- I
7 understand it's personal. It might be sensitive,
8 but is -- it seems like something happened,
9 perhaps you didn't pay him. Kind of, you know --
10 I understand it's sensitive, and you can take
11 your time, but kind of -- if you could help me
12 understand.

13 A Yeah, that's -- that's more on a
14 personal. I would rather see if we can get that
15 through my lawyer.

16 Q So, Mr. Chavez, I understand it's
17 personal, but this was a document that was
18 produced by your lawyer. And you are in
19 investigative testimony right now. So, to the
20 extent you, you know, can answer, I -- I ask you
21 to please do so. I would like to kind of get
22 some understanding.

23 A Okay. Not a problem. What -- what
24 happened was that one of the persons that --
25 that -- the person that -- who was with -- you

Page 215

1 know, pretty much we had a relationship, that's
2 what happened.

3 Q Okay. Okay, understand. So, you had a
4 relationship with his girlfriend, is that my
5 understanding?

6 A So, as I understood, they were no
7 longer together so.

8 Q Okay. I understand. And we can move
9 on from that because I understand now.

10 And this is him stating that he's done
11 with the business; is that right?

12 A That is correct, yes, ma'am.

13 Q Okay. And he -- you gave him
14 \$500,000.00 and kind of told him, you know, we're
15 kind of done with you; is that right?

16 A Yes, ma'am.

17 Q Okay. And that's why he's saying at
18 the very end, I'm worth a lot more than 500K?

19 A That is correct.

20 Q Okay. Thank you, Mr. Chavez. I
21 appreciate your candor. And we don't have to
22 explore too much more about that.

23 MS. HARRIS: Jamie, if we could go to
24 766.

25 Q 720 -- or, excuse me, July 23rd, 2021

Page 216

1 at 1:21:08 Georgio says, I will be there in 20
2 minutes. You have to let me fix the company,
3 Brother. We are committing so many violations
4 and I'm trying to get us into -- excuse me. I'm
5 sorry. I'm trying to avoid us getting into some
6 serious trouble. Not only from the IRS, but also
7 the Texas Work Commission.

8 What is he talking about here and what
9 company is he talking about here?

10 A He's talking about CryptoFX, I'm sorry,
11 because I had all independent contractors with
12 CryptoFX and he was giving me idea to put them on
13 salary instead of being independent contractors,
14 but I have records that I've always given 1099 to
15 my employees and stuff. So, he wanted to make
16 sure that, you know, we had all the -- had the
17 employee salary employee and not 1099 independent
18 contractors. That's what he meant.

19 Q Okay. So, Georgio did have a role in
20 CryptoFX?

21 A More like a friendship. Not a role as
22 an employee.

23 Q Okay. He was helping you out as a
24 friend, but he did have a role in your business?

25 A To give an idea in a way.

Page 217

1 Q Okay. Was he ever compensated by
2 CryptoFX in any way?

3 A No, ma'am.

4 Q Well --

5 A Besides the loan that he had, that's
6 about it.

7 Q What loan?

8 A The loan that he made to -- in the
9 package to go into CryptoFX.

10 Q Okay. So, he made a loan and he
11 invested money with you for cryptocurrency --

12 A I'm sorry, that's how I met him, so.

13 Q Okay. He made a loan to CryptoFX. He
14 invested with you. That's how you guys met, but
15 he also was getting referrals to you, correct?

16 A Yes, ma'am.

17 Q But he was never getting a salary or
18 anything like that?

19 A No, ma'am.

20 Q Okay. Understood.

21 On down in this page you say -- or,
22 excuse me, Georgio says at 1:27, What do you
23 think of Bill Rapp becoming our broker when we
24 are granted the license to be a dealer entity?
25 I'm going to take this step by step. Who is Bill

Page 218

1 Rapp?

2 A I think Bill Rapp is -- you know, now
3 that I see it, I think he was the lawyer for
4 CryptoFX.

5 Q You're -- you're wondering if Bill Rapp
6 was the lawyer for CryptoFX?

7 A Yeah. He -- Georgio was the most
8 involved. So, I don't know if he's the lawyer or
9 he's the contact for the lawyer. I have to
10 double check on that. I'm not quite sure on that
11 one.

12 Q Okay. So, at some point Bill Rapp was
13 doing legal services for CryptoFX; is that right?

14 A No. I'm sorry, for CBT Group I meant.

15 Q Oh, okay. Okay.

16 A My apologies.

17 Q No, no worries. I've made that same
18 mistake. No worries.

19 In this message what entity is Georgio
20 talking about?

21 A Let me see. Okay. For CryptoFX. Like
22 he meant, broker -- like a -- like a license,
23 like a broker license for -- for investing,
24 that's what he meant.

25 Q Yeah, okay. And so, you say, Let's do

Page 219

1 it, Brother. And he says, Sounds awesome. So,
 2 you agreed that CryptoFX needs a broker, correct?
 3 A Yes, ma'am.
 4 Q Okay. And he also says, When we are
 5 actually granted the license to be a dealer
 6 entity. What license is he referring to?
 7 A The -- the -- the license -- the broker
 8 license. That's what he meant.
 9 Q And so you agree that CryptoFX needs a
 10 brokers license; is that right?
 11 A Yes, ma'am.
 12 MS. HARRIS: Let's go down to 672,
 13 please.
 14 Q And it -- it just struck me, I
 15 apologize, we can -- we can stop here and take a
 16 five-minute break if people need it. I -- I
 17 didn't realize how long we had been going. I
 18 apologize to everyone. I had promised I would
 19 give breaks.
 20 Mr. Chavez, do you need a five-minute
 21 break here?
 22 A Yes, please.
 23 Q Okay. Great. We'll stop. We're going
 24 to start back up on CFX 018782, but right now
 25 we're going to go off the record at 3:51.

Page 220

1 (Brief recess taken at 3:51 p.m.
 2 Central Time.)
 3 MS. HARRIS: So, we are back on the
 4 record at 3:57 p.m. Central Time.
 5 BY MS. HARRIS:
 6 Q And, Mr. Chavez, we -- I just started
 7 asking you about the document that ends in 782.
 8 At the very top Georgio states, I understand.
 9 Thanks for trusting me on this one. We really
 10 need to take care of CFX. And if we have any
 11 hope of finally making the transition to a
 12 financial advisory service once we can honestly
 13 report our financials. So, I'm going to break
 14 that document -- excuse me, message down into a
 15 couple of questions.
 16 What was Georgio really doing for CFX
 17 at this time?
 18 A Just advising. Just, I ask him for --
 19 help me out to get an -- an idea on how we can --
 20 you know, of course we -- we doing it to loans,
 21 but we -- you know, we're not looking for
 22 investors right now outside of CryptoFX Academy,
 23 but eventually down the road our idea, our goal,
 24 was to be a -- a financial company. Let's say,
 25 Fidelity, Vander Group, you know, companies like

Page 221

1 that, but of course we want to make sure that we
 2 are in good standards and following every single
 3 rule aspect.
 4 Q Okay. He says that you're wanting to
 5 transition to a financial advisory service. Are
 6 you -- are you providing financial advice?
 7 A No, ma'am.
 8 Q So, when people pay you for the classes
 9 to teach them how to trade is that not providing
 10 financial advice?
 11 A No, ma'am, because we give them ideas,
 12 but the final decision they make them.
 13 Q Okay. When you are working with your
 14 VIPs and you give them the trades and you're
 15 showing them how to trade, is that not providing
 16 personalized financial advice?
 17 A No, because at the end of the day --
 18 I'm sorry, at the end of -- what we tell them,
 19 they're the ones that decide, okay, we'll go
 20 ahead and I'm going to do that exchanges going
 21 from these other account. So, at the end of the
 22 day, even though I -- I tell them what I'm doing
 23 and I give them as far as an idea of what I'm
 24 doing, I always make it clear to them that
 25 they're the ones that make the final decision.

Page 222

1 Q Correct. But you're giving them advice
 2 as to -- let me restate that.
 3 You're giving them guidance as to what
 4 you would do and how they should execute their
 5 trades; is that correct?
 6 A Yes.
 7 Q And is that not financial advice?
 8 A It would be financial advice if I would
 9 do it for them, but I would just guide them.
 10 Like, not really execute. They're the ones that
 11 do it. They're the ones that make the final
 12 decision.
 13 Q I understand that, but you previously
 14 testified that for your VIP people that they had
 15 direct access to you. They can look at your
 16 trades. They can talk to you. And that's what
 17 makes it VIP; is that right?
 18 A Right. It makes it VIP the fact that
 19 they are getting the trades from me, the -- the
 20 ones that have the top production, you know.
 21 Q And you have the ability to interact
 22 with them directly, correct?
 23 A Yes, ma'am.
 24 Q Okay. I'm still trying to figure out
 25 why you not executing that -- executing their

Page 223

1 trades for them even matters. You're giving them
 2 financial guidance, correct?
 3 A I'm -- I would say no because the --
 4 the decision -- you know, like I could tell you,
 5 okay, to buy certain coins because I think --
 6 personally think that it's going to go down, but
 7 at the end of the day, you are the ones who's
 8 going to make the final decision to buy it or
 9 not.
 10 Q Right. But you are telling people on a
 11 one-on-one basis, here's what I think you should
 12 do, but you're leaving it to their discretion
 13 whether or not to do it; is that right?
 14 A Yes. Yes, ma'am.
 15 Q Okay. Were you not honestly reporting
 16 your financials before?
 17 A Yes. Yes, I was. Yes, ma'am.
 18 Q He says, Once we can honestly report
 19 our financials.
 20 A But that -- he has no clue, but I do
 21 report my financials.
 22 Q So, what is he referencing here?
 23 A I -- I have no idea, ma'am.
 24 Q Okay.
 25 A I did my taxes and everything.

Page 224

1 Q Okay.
 2 A And the company's taxes.
 3 Q Okay.
 4 MS. HARRIS: Let's go to page ending in
 5 812, please.
 6 Q Middle of the page the message that Gio
 7 or Georgio sent to you on October 27th, 2021 at
 8 11:45 a.m, Brother, just to circle back on this
 9 morning's conversation. I really wished we could
 10 engage our attorneys about getting us the
 11 position to apply to the SEC for a financial
 12 advisory license. I just see a really good
 13 future for CFX if we can get over this hurdle.
 14 CFX is CryptoFX, correct?
 15 A Yes, ma'am.
 16 Q Why is he wanting to apply for a
 17 financial advisory license?
 18 A Because he knows that the big goal that
 19 we have as a corporation, as a company, my vision
 20 is to be one of these companies, but -- you know.
 21 So, that's why he was telling me that.
 22 Q But you were previously not giving
 23 financial advice. Is that my understanding?
 24 A Well, no. We're actually -- no, I'm
 25 not giving financial advice. We are -- it's

Page 225

1 completely different. So, this is in the crypto
 2 space that we're doing it, but it's not financial
 3 advice. This is more on the long-term scale that
 4 where we envisioning to be in -- in the future,
 5 you know.
 6 Q Okay. So, I'm -- I'm a little bit
 7 confused, you know, about the advice thing and
 8 about how you say the end of the day they're
 9 not -- that you're -- that it's up to them to
 10 execute because some people -- some of your
 11 students, you're -- you're also doing their
 12 crypto wallets, right? Because they've also given
 13 you loans.
 14 So, there are some students that attend
 15 your classes, hear your financial guidance and
 16 kind of what you would do, et cetera, et cetera.
 17 And then, you are also taking their money and
 18 executing those trades, correct?
 19 A Yes, ma'am.
 20 Q Okay. So, there are some people that
 21 you're saying, Here's what I, Mauricio Chavez,
 22 would do and then you are executing upon that
 23 plan with their money, right?
 24 A On -- you mean on the loans that they
 25 give us, correct?

Page 226

1 Q Yes.
 2 A Yes, ma'am.
 3 Q Their money, yes.
 4 A Yes, ma'am.
 5 Q Okay. What attorney is he talking
 6 about?
 7 A I don't know if he's talking about Bill
 8 Rapp.
 9 Q Okay. Did you ever consider applying
 10 for a license before?
 11 A Yes, ma'am.
 12 Q Okay. When?
 13 A Since 2021 up to that as well.
 14 Q And that's because you just have a
 15 broader vision of the company?
 16 A Well, you know, the thing is that we
 17 haven't grown or nothing because we -- you know,
 18 because we need the license, you know. We want
 19 to be in the vendor space. We want to be -- so,
 20 another -- I mean, that was always the vision,
 21 you know.
 22 Q Right. But it's your testimony that,
 23 you know, you would get a license to do things in
 24 the future. You're not getting a license because
 25 of past conduct, right?

C E R T I F I C A T E

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2
3 I, SHAUNNA H. MORAN, a Certified
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12 I DO FURTHER CERTIFY that I am
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